

# **MHLONTLO LOCAL MUNICIPALITY**



## **ASSET MANAGEMENT POLICY**

**(FOR IMPLEMENTATION ON 1 JULY 2019)**

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## **PREAMBLE**

Whereas section 14 of the Local Government: Municipal Finance Management Act, 2003 (Act no. 56 of 2003) determines that a municipal council may not dispose of assets required to provide minimum services, and whereas the Municipal Asset Transfer Regulations (Government Gazette 31346 dated 22 August 2008) has been issued,

- and whereas the Municipal Council of Mhlontlo Local Municipality wishes to adopt a policy to guide the municipal manager in the management of the municipality's assets,

- and whereas the Municipal Manager as custodian of municipal funds and assets is responsible for the implementation of the asset management policy which regulate the acquisition, safeguarding and maintenance of all assets,

- and whereas these assets must be protected over their useful life and may be used in the production or supply of goods and services or for administrative purposes,

- now therefore the Municipal Council of Mhlontlo Local Municipality adopts the following asset management policy:

## ABBREVIATIONS AND DEFINITIONS

AM	Asset Management
AMS	Asset Management System
AR	Asset Register
CFO	Chief Financial Officer
CRR	Capital Replacement Reserve
GRAP	Standards of Generally Recognised Accounting Practice
IA	Intangible Assets
IAR	Infrastructure Asset Register
IDP	Integrated Development Plan
IIMM	International Infrastructure Management Manual
IP	Investment Property
LM	Local Municipality
MFMA	Municipal Finance Management Act
MSA	Municipal Services Act
NT	National Treasury
OHSA	Occupational Health and Safety Act
PPE	Property, Plant and Equipment
SDBIP	Service Delivery and Budget Implementation Plan

**Accounting Officer** means the Municipal Manager appointed in terms of Section 82 of the Local Government: Municipal Structures Act, 1998 (Act no. 117 of 1998) and being the head of administration and accounting officer in terms of section 55 of the Local Government: Municipal Systems Act 2000 (Act no. 32 of 2000).

**Agricultural Produce** is the harvested product of the municipality's biological assets.

**Biological Assets** are defined as living animals or plants.

**Capital Assets (assets)** are items of Biological Assets, Intangible Assets, Investment Property or Property, Plant or Equipment defined in this Policy.

**Carrying Amount** is the amount at which an asset is included in the statement of financial position after deducting any accumulated depreciation (or amortisation) and accumulated impairment losses thereon.

**Chief Financial Officer (CFO)** means an officer of a municipality designated by the Municipal Manager to be administratively in charge of the budgetary and treasury functions.

**Community Assets** are defined as any asset that contributes to the community's well-being. Examples are parks, libraries and fire stations.

**Cost** is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction, or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

**Depreciable Amount** is the cost of an asset, or other amount substituted for cost in the financial statements, less its residual value.

**Depreciation** is the systematic allocation of the depreciable amount of an asset over its useful life.

**Fair Value** is the amount for which an asset could be exchanged or a liability between knowledgeable, willing parties in an arm's length transaction.

**GRAP** are standards of Generally Recognised Accounting Practice.

**Heritage Assets** are defined as culturally significant resources. Examples are works of art, historical buildings and statues.

**Infrastructure Assets** are defined as any asset that is part of a network of similar assets. Examples are roads, water reticulation schemes, sewerage purification and trunk mains, transport terminals and car parks.

**Intangible Assets** are defined as identifiable non-monetary assets without physical substance.

**Investment Properties** are defined as properties (land or buildings) that are acquired for economic and capital gains. Examples are office parks and undeveloped land acquired for the purpose of resale in future years.

**Land and Buildings** are defined as a class of PPE when the land and buildings are held for purposes such as administration and provision of services. Land and Buildings therefore exclude Investment properties and Land Inventories.

**MFMA** refers to the Local Government: Municipal Finance Management Act (Act no. 56 of 2003).

**Other Assets** are defined as assets utilised in normal operations. Examples are plant and equipment, motor vehicles and furniture and fittings.

**Property, Plant and Equipment (PPE)** are tangible assets that:-

- (a) Are held by a municipality for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and
- (b) Are expected to be used during more than one period.

**Recoverable Amount** is the amount that the municipality expects to recover from the future use of an asset, including its residual value on disposal.

**Recoverable Service Amount** is the higher of a non-cash generating asset's fair valueless cost to sell and its value in use.

**Residual Value** is the net amount that the municipality expects to obtain for an asset at the end of its useful life after deducting the expected costs of disposal.

**Useful Life is:-**

- (a) The period of time over which an asset is expected to be used by the municipality; or
- (b) The number of production or similar units expected to be obtained from the asset by the municipality's accounting officer.

## 1. OBJECTIVE

The MFMA was introduced with the objective of improving accounting in the municipalities sector in keeping with global trends. Good asset management is critical to any business environment whether in the private or public sector. In the past municipalities used a cash-based system to account for assets, whilst the trend has been to move to an accrual system.

With an accrual system the assets are incorporated into the books of accounts and systematically written off over their anticipated lives. This necessitates that a record is kept of the cost of the assets, the assets are verified periodically, and the assets can be traced to their suppliers via invoices or other such related delivery documents. This ensures good financial discipline, and allows decision makers greater control over the management of assets. An Asset Management Policy should promote efficient and effective monitoring and control of assets.

According to the MFMA, the Accounting Officer in the Municipality should ensure:

- a) that the municipality has and maintains an effective and efficient and transparent system of financial and risk management and internal control;
- b) the effective, efficient and economical use of the resources of the municipality;
- c) the management (including safeguarding and maintenance) of the assets of the municipality;
- d) that the municipality has and maintains a management, accounting and information system that accounts for the assets and liabilities of the municipality;
- e) that the municipality's assets and liabilities are valued in accordance with standards of generally recognised accounting practice; and
- f) that the municipality has and maintains a system of internal control of assets and liabilities, including an asset and liabilities register, as may be prescribed.

The objective of this Asset Management Policy is to ensure that the municipality:

- a) consistently applies asset management principles;
- b) applies accrual accounting;
- c) complies with the MFMA, GRAP and other related legislation;
- d) safeguards and controls the assets of the municipality; and
- e) optimises asset usage.



## **2. LEGISLATIVE FRAMEWORK**

### **2.1 LEGAL FRAMEWORK**

A municipality exercises its legislative and executive authority by, among others, developing and adopting policies, plans, strategies and programmes, including setting targets for delivery (section 11(3) of the MSA).

Participation by the local community in the affairs of the municipality must take place through, among others, generally applying the provisions for participation as provided for in the MSA (section 17(1) of the MSA).

A municipality must communicate to its community information concerning, among others, municipal governance, management and development (section 18(1) of the MSA).

As head of administration the Municipal Manager is, subject to the policy directions of the municipal council, responsible and accountable for, among others, the following:

- The management of the provision of services to the local community in a sustainable and equitable manner;
- Advising the political structures and political office bearers of the municipality (section 55(1) of the MSA); and
- Providing guidance and advice on compliance with the MFMA to the political structures, political office-bearers and officials of the municipality (section 60 of the MFMA).

As accounting officer of the municipality the Municipal Manager is responsible and accountable for, among others, all assets of the municipality (section 55(2) of the MSA).

The Municipal Manager must take all reasonable steps to ensure, among others, that the resources of the municipality are used effectively, efficiently and economically (section 62(1) of the MFMA).

### **2.2 RATIONALE FOR MANAGEMENT OF ASSETS**

The South African Constitution requires municipalities to strive, within their financial and administrative capacity, to achieve the following objectives:

- Providing democratic and accountable government for local communities;
- Ensuring the provision of services to communities in a sustainable manner;
- Promoting social and economic development;
- Promoting a safe and healthy environment; and
- Encouraging the involvement of communities and community organisations in matters of local government.

In terms of the MFMA, the accounting officer is responsible for managing the assets and liabilities of the municipality, including the safeguarding and maintenance of its assets.

The MFMA further requires the accounting officer to ensure that:

- The municipality has and maintains a management, accounting and information system that accounts for its assets and liabilities;
- The municipality's assets are valued in accordance with standards of generally recognised accounting practice; and
- The municipality has and maintains a system of internal control of assets and liabilities.

The OHSA requires the municipality to provide and maintain a safe and healthy working environment, and in particular, to keep its infrastructure assets safe.

According to the International Infrastructure Management Manual (IIMM), the goal of infrastructure asset management is to meet a required level of service, in the most cost effective manner, through the management of assets for present and future customers.

The core principles of infrastructure asset management are:

1. Taking a life-cycle approach;
2. Developing cost-effective management strategies for the long-term;
3. Providing a defined level of service and monitoring performance;
4. Understanding and meeting the impact of growth through demand management and infrastructure investment;
5. Managing risks associated with asset failures;
6. Sustainable use of physical resources; and
7. Continuous improvement in asset management practices.

### **3. POLICY FRAMEWORK:**

#### **3.1 POLICY OBJECTIVE**

The municipality is committed to providing municipal services for which the municipality is responsible, in a transparent, accountable and sustainable manner and in accordance with sound infrastructure management principles.

The main challenges associated with managing assets can be characterised as follows:

- a) Moveable assets – controlling acquisition, location, use, and disposal (over a relatively short term lifespan)
- b) Immovable assets – life-cycle management (over a relatively long-term lifespan).

The policy approach has been to firstly focus on the financial treatment of assets, which needs to be consistent across both the movable and immovable assets, and secondly to focus on the management of immovable assets as a fundamental departure point for service delivery.

#### **3.2 POLICY PRINCIPLES**

The following policy principles serve as a framework for the achievement of the policy objective:

##### **3.2.1 *Effective Governance***

The municipality strives to apply effective governance systems to provide for consistent asset management and maintenance planning in adherence to and compliance with all applicable legislation to ensure that asset management is conducted properly, and municipal services are provided as expected. To this end, the municipality will:

- i. Adhere to all constitutional, safety, health, systems, financial and asset-related legislation;
- ii. Regularly review and update amendments to the above legislation;
- iii. Review and update its current policies and by-laws to ensure compliance with the requirements of prevailing legislation; and
- iv. Effectively apply legislation for the benefit of the community.

##### **3.2.2 *Sustainable Service Delivery***

The municipality strives to provide to its customers services that are technically, environmentally and financially sustainable. To this end, the municipality will:

- i. Identify levels and standards of service that conform to statutory requirements and rules for their application based on the long-term affordability to the municipality;
- ii. Identify technical and functional performance criteria and measures, and establish a commensurate monitoring and evaluation system;
- iii. Identify current and future demand for services, and demand management strategies;
- iv. Set time-based targets for service delivery that reflect the need to newly construct, upgrade, renew, and dispose assets, where applicable in line with national targets;
- v. Apply a risk management process to identify service delivery risks at asset level and appropriate responses;

- vi. Prepare and adopt an immovable (infrastructure) asset management strategy and immovable (infrastructure) asset management plans to support the achievement of the required performance;
- vii. Prepare and adopt an immovable (infrastructure) asset maintenance strategy and immovable (infrastructure) asset maintenance plans to execute maintenance timeously;
- viii. Allocate budgets that take cognisance of the full life cycle needs of existing and future assets;
- ix. Implement its Tariff and Credit Control and Debt Collection Policies to sustain and protect the affordability of services by the community.

### **3.2.3 Social and Economic Development**

The municipality strives to promote social and economic development in its municipal area by means of delivering municipal services in a manner that meet the needs of the various customer user-groups in the community. To this end, the municipality will:

- i. Regularly review its understanding of customer needs and expectations through effective consultation processes covering all service areas;
- ii. Implement changes to services in response to changing customer needs and expectations where appropriate;
- iii. Foster the appropriate use of services through the provision of clear and appropriate information;
- iv. Ensure services are managed to deliver the agreed levels and standards; and
- v. Create job opportunities and promote skills development in support of the national EPWP.

### **3.2.4 Custodianship**

The municipality strives to be a responsible custodian and guardian of the community's assets for current and future generations. To this end, the municipality will:

- i. Establish a spatial development framework that takes cognisance of the affordability to the municipality of various development scenarios;
- ii. Establish appropriate development control measures including community information;
- iii. Cultivate an attitude of responsible utilisation and maintenance of its assets, in partnership with the community;
- iv. Ensure that heritage resources are identified and protected; and
- v. Ensure a long-term view and life-cycle costs are taken into account in immovable asset management decisions.

### **3.2.5 Transparency**

The municipality strives to manage its immovable assets in a manner that is transparent to all its customers, both now and in the future. To this end, the municipality will:

- i. Develop and maintain a culture of regular consultation with the community with regard to its management of immovable assets in support of service delivery;
- ii. Clearly communicate its service delivery plan and actual performance through its Service Delivery and Budget Implementation Plan (SDBIP);

- iii. Avail asset management information on a ward basis; and
- iv. Continuously develop the skills of councillors and officials to effectively communicate with the community with regard to service levels and standards.

### **3.2.6 Cost-effectiveness and Efficiency**

The municipality strives to manage its immovable assets in an efficient and effective manner. To this end, the municipality will:

- i. Assess life-cycle options for proposed new immovable assets;
- ii. Regularly review the actual extent, nature, utilisation, criticality, performance and condition of immovable assets to optimise planning and implementation works;
- iii. Assess and implement the most appropriate maintenance of infrastructure assets to achieve the required network performance standards and to achieve the expected useful life of immovable assets;
- iv. Ensure the proper utilisation and maintenance of existing assets;
- v. Establish and implement demand management plans;
- vi. Timeously renew immovable assets based on capacity, performance, risk exposure, and cost;
- vii. Timeously dispose of immovable assets that are no longer in use;
- viii. Establish documented processes, systems and data to support effective life-cycle immovable asset management;
- ix. Strive to establish a staff contingent with the required skills and capacity, and procure external support as necessary; and
- x. Conduct annual assessments to support continuous improvement of immovable asset management practice.

## **4. ASSET RECOGNITION**

### **4.1. CLASSIFICATION OF CAPITAL ASSETS**

#### **General**

When accounting for Capital Assets, the municipality should follow the various standards of GRAP relating to the capital assets. An item is recognised in the statement of financial position as a Capital Asset if it satisfies the definition and the criteria for recognition of assets. The first step in the recognition process is to establish whether the item meets the definition of an asset. Secondly, the nature of the asset should be determined, and thereafter the recognition criterion is applied. Capital Assets are classified into the following categories for financial reporting purposes:

1. Property, Plant and Equipment (GRAP 17)
  - i. Land and Buildings (land and buildings not held as investment)
  - ii. Infrastructure Assets (immovable assets that are used to provide basic services)
  - iii. Community Assets (resources contributing to the general well-being of the community)
  - iv. Housing Assets (rental stock or housing stock not held for capital gain)
  - v. Other Assets (ordinary operational resources)
2. Investment Property (GRAP 16)
  - i. Investment Assets (resources held for capital or operational gain)
3. Intangible Assets (GRAP 102)
  - i. Intangible Assets (assets without physical substance held for ordinary operational resources)
4. Biological Assets (GRAP 101)
  - Biological Assets (livestock and plants held)
5. Heritage Asset (GRAP 103)
  - Heritage Assets (assets of a cultural, environmental, historical, natural, scientific, technological or artistic significance)

When accounting for Current Assets (that is of capital nature), the municipality should follow the various standards of GRAP relating to these assets. Current Assets (with a capital nature) are classified into the following categories for financial reporting purposes:

6. Assets classified as Held-for-Sale (GRAP 100)
  - Assets Held-for-Sale (assets identified to be sold in the next 12 months and reclassified as Inventory)

## 7. Land Inventories (GRAP 12)

- Land Inventories (land or buildings owned or acquired with the intention of selling or distributing such property in the ordinary course of business)

Further asset classification has not been defined in GRAP. The examples of infrastructure assets include road networks, sewer systems, water and power supply systems and communication networks. Current classifications used for infrastructure are limited and do not represent all asset types. To facilitate the practical management of infrastructure assets and asset register data, infrastructure assets have been further classified. The recommended classifications are provided in **Annexure A**.

### Policy

The asset classification specified by GRAP shall be adhered to as a minimum standard. The extended asset classification specified in **Annexure A** shall be adopted. The CFO shall ensure that the classifications adopted by the municipality are adhered to.

## 4.2 IDENTIFICATION OF ASSETS

### General

An asset identification system is a means to uniquely identify each asset in the municipality in order to ensure that each asset can be accounted for on an individual basis. Movable assets are usually identified using a barcode system by attaching a barcode to each item. Immovable assets are usually identified by means of an accurate description of their physical location.

### Policy

An asset identification system shall be operated and applied in conjunction with an asset register. As far as practicable, every individual asset shall have a unique identification number. The CFO shall develop and implement an asset identification system, while acting in consultation with the Executive Directors.

## 4.3 ASSET REGISTER

### General

An asset register is a database of information related to all the assets under the control of the municipality. The asset register consists of an inventory of all the assets, with each asset having a unique identifying number. Data related to each asset should be able to be stored in the asset register. The data requirements for the asset register are as follows:

Data	Land	Movable	Infrastructure / building
<b>Identification</b>			
•Unique identification number or asset mark	✓	✓	✓
•Unique name	✓	✓	✓

<b>Data</b>	<b>Land</b>	<b>Movable</b>	<b>Infrastructure / building</b>
•Internal Classification	✓	✓	✓
•Descriptive data (make, model, etc.)	✓	✓	✓
•Erf/Registration number	✓	✓	✓
•Title deed reference	✓		
<b>Accountability</b>			
•Department	✓	✓	✓
<b>Performance</b>			
•Age		✓	✓
•Condition		✓	✓
•Remaining Useful life		✓	✓
•Expected Useful Life		✓	✓
<b>Accounting</b>			
•Historic cost	✓	✓	✓
•Take-on value	✓	✓	✓
•Take-on date	✓	✓	✓
•Re-valued amount (where assets were re-valued)	✓	✓	✓
•Valuation difference (for purposes of Revaluation Reserve and depreciation)	✓	✓	✓
•Depreciation method		✓	✓
•Depreciation portion that should be transferred from Revaluation reserve to accumulated depreciation (where assets were re-valued)		✓	✓
•Depreciation charge for the current financial year		✓	✓
•Impairment losses in the current year		✓	✓
•Accumulated depreciation		✓	✓
•Carrying value	✓	✓	✓
•Residual value		✓	✓



Data	Land	Movable	Infrastructure / building
•Source of financing	✓	✓	✓

Assets remain in the asset register for as long as they are in physical existence or until being written off. The fact that an asset has been fully depreciated is not in itself a reason for writing-off such an asset. The asset register does not include assets that belong to other third parties. These assets may be included as separable entities for control purposes.

### Policy

An asset register shall be maintained for all assets. In some cases, such as Investment Properties and Intangible Assets, separate asset registers will have to be maintained. The format of the register shall include the data needed to comply with the applicable accounting standards and data needed for the technical management of the assets. The asset register should be continuously updated and asset records should be reconciled to the general ledger on a quarterly basis, where possible.

## 4.4 RECOGNITION OF CAPITAL ASSETS: INITIAL MEASUREMENT

### 4.4.1 General

A Capital Asset should be recognised as an asset in the financial and asset records when:

- It is probable that future economic benefits or potential service delivery associated with the item will flow to the municipality;
- The cost or fair value of the item to the municipality can be measured reliably;
- The cost is above the municipal capitalisation threshold (if any); and
- The item is expected to be used during more than one financial year.

Spare parts and servicing equipment are usually carried as inventory in terms of GRAP 12 on Inventories and are recognised in surplus or deficit as consumed. However, major spare parts and stand-by equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Further guidance for the recognition of assets is provided below:

#### Capitalisation Threshold

The capitalisation threshold is a **policy decision of the municipality** and is the value above which assets are capitalised and reported in the financial statements as tangible or intangible capital assets as opposed to being expensed in the year of acquisition. As a result, the threshold has a significant impact on the size of the asset register and the complexity of asset management. However the capitalisation threshold is regarded as a deviation from GRAP standards and should

be determined annually by comparison against materiality and must be determined at a level that will ensure that the municipality does not deviate materially from the requirements of GRAP 17.

The capitalisation threshold should not be applied to the components of an asset, but should be applied to the value of the capital asset as a whole. If the threshold is applied at component level, the asset register would be incomplete in the sense that an asset recorded as such would not be a complete asset. The municipality has taken the following into account when considering a capitalisation threshold:

- i. The impact of the threshold on the financial statements and the decisions/assessments the users of the financial statement may or may not make;
- ii. The cost of maintaining financial and management information on assets when the threshold is very low;
- iii. The impact on comparability and benchmarking cost of services may be difficult if different capitalisation thresholds are applied;
- iv. The size of the municipality or the size of its service areas when setting a capitalisation threshold level. Municipalities vary greatly in size, so what is relevant to one may be immaterial to another.

#### Calculation of initial cost price

Only costs that comprise the purchase price and any directly attributable costs necessary for bringing the asset to its working condition should be capitalised. The purchase price exclusive of VAT should be capitalised, unless the municipality is not allowed to claim input VAT paid on acquisition of such assets. In such an instance, the municipality should capitalise the cost of the asset together with VAT. Any trade discounts and rebates are deducted in arriving at the purchase price. Listed hereunder is a list, which list is not exhaustive, of directly attributable costs:

- i. Costs of employee benefits (as defined in the applicable standard on Employee Benefits) arising directly from the construction or acquisition of the item of the Capital Asset
- ii. The cost of site preparation;
- iii. Initial delivery and handling costs;
- iv. Installation costs;
- v. Professional fees such as for architects and engineers;
- vi. The estimated cost of dismantling and removing the asset and restoring the site;
- vii. Interest costs when incurred on a qualifying asset in terms of GRAP 5.

When payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent. The difference between this amount and the total payments is recognised as an interest expense over the period of credit.

#### Component approach

The component approach is a GRAP-supported approach where complex assets are split into separate depreciable parts for recording. The key considerations in determining what should become a separately depreciable part (component) are:

- Significant cost; and
- Considerable difference in useful life

If the value of a part of the asset is significant (i.e. material) compared to the value of the asset as a whole and/or has a useful life that is considerably different to the useful life of the asset as a whole, it should be recognised as a separately depreciable part (component).

### Subsequent Expenses

The municipality should not recognise the costs of day-to-day servicing of the item in the carrying amount of an item of capital asset. These costs are recognised as expenditure as and when incurred. Day-to-day costs are primarily the costs of labour and consumables and may include the costs of small parts. The purpose of these expenditures is usually for the 'repair and maintenance' of the capital asset.

Parts of some capital assets may require replacement at regular intervals. For example, a road may need resurfacing every few years. It may be necessary to make less-frequently recurring replacement of parts, such as replacing the interior walls of a building, or to make a non-recurring replacement. Under the recognition principle, an entity recognises in the carrying amount of the capital asset the cost of replacing the part of such an item when that cost is incurred if the recognition criteria are met. At the same time the part to be replaced should be derecognised.

### Rehabilitation/Enhancements/Renewals of capital assets

Expenditure to rehabilitate, enhance or renew an existing capital asset (including separately depreciable parts) can be recognised as capital if:

- The expenditure satisfies the recognition criteria;
- that expenditure is enhancing the service provision of that capital asset beyond its original expectation and either that expenditure:
  - increases the useful life of that capital asset (beyond its original useful life);
  - increases the capital asset capacity (beyond its original capacity);
  - increases the performance of the capital asset (beyond the original performance);
  - increases the functionality of that capital asset;
  - reduces the future ownership costs of that capital asset significantly; or
  - Increases the size of the asset or changes its shape.

The expenditure to restore the functionality of the capital asset to its original level is a maintenance or refurbishment expense and will not be capitalised to the carrying value of the capital asset. The rehabilitated or renewed separately depreciable part will be derecognised and the replacement will be recognised. Where the separately identifiable asset is rehabilitated or renewed, the amount incurred will be added to the carrying value of the asset.

### Leased Assets

A lease is an agreement whereby the lesser conveys to the lessee, in return for a payment or series of payments, the right to use an asset for an agreed period of time. Leases are categorised into finance and operating leases:

- A Finance Lease is a lease that transfers substantially all the risks and rewards incident to ownership of an asset, even though the title may or may not eventually be transferred. Where the risks and rewards of ownership of an asset are substantially transferred, the lease is regarded as a finance lease and is recognised as a Capital asset.
- Where there is no substantial transfer of risks and rewards of ownership, the lease is considered an Operating Lease and payments are expensed in the income statement on a systematic basis.

### **Policy**

All capital assets shall be correctly recognised as assets and capitalised at the correct value in its significant components. All assets will be capitalised, except those listed as examples in **Annexure B**, but the application thereof will be determined annually by the municipality.

However, the municipality (Municipal Manager or to whom the right is delegated) can determine with an internal memorandum which assets, as mentioned in **Annexure B**, cannot be classified as capital assets.

The Council shall specify which kinds of leases the municipality may enter into. A lease register shall be maintained with all the information that is necessary for reporting purposes.

## **4.5 SUBSEQUENT MEASUREMENT OF CAPITAL ASSETS**

### **4.5.1 General**

- After initial recognition of Property, plant and Equipment, the municipality values its assets using the cost model, unless a specific decision have been taken to revalue a certain class of assets and in such instance the PPE will be valued using the revaluation model. When an item of PPE is revalued, the entire class of property to which that asset belongs, should be re-valued.
- When an asset's carrying amount is increased as a result of the revaluation, the increase should be credited to a revaluation surplus. However, the increase shall be recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.
- When an asset's carrying amount is decreased as a result of devaluation, the decrease should be recognised as an expense in the annual financial statements. However, the decrease shall be debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

## **4.6 RECOGNITION OF INVENTORY ITEMS (NON-CAPITAL ITEMS)**

### **4.6.1 General**

4.6.1.1 Inventories encompass finished goods purchased or produced, or work in progress being produced by the municipality. They also include materials and supplies awaiting use in the production process and goods purchased or produced by the municipality, which are for distribution to other parties for no charge or for a nominal charge. GRAP 12.7 defines Inventories as assets:

- i. In the form of materials or supplies to be consumed in the production process;
- ii. In the form of materials or supplies to be consumed or distributed in the rendering of services;
- iii. Held for sale or distribution in the ordinary course of operations; or
- iv. In the process of production for sale or distribution.

Examples of Inventories may include the following:

- Ammunition
- Consumable stores;
- Maintenance materials;
- Spare parts for plant and equipment other than those dealt with under PPE;
- Strategic stockpiles (e.g. Water reserves);
- Work in progress; and
- Land / Property held for sale.

Cost of inventories shall comprise of all costs of purchase (i.e. purchase price, import duties, other taxes and transport, handling and other costs attributable to the acquisition of finished goods, materials and supplies), costs of development, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Trade discounts, rebates and other similarities are deducted. Taxes recoverable by the entity from the SARS may not be included.

Costs of development for housing or similar developments which are acquired or developed for resale will include costs directly related to the development – e.g. purchase price of land acquired for such developments, surveying, conveyance costs and the provision of certain infrastructure. Infrastructure costs relating to extending the capacity of existing infrastructure are excluded. The costs of inventories of a service provider consisting of direct labour and other costs of personnel directly engaged in providing the service and other attributable overheads are included.

### **4.6.1.2 Policy**

- i. Assets acquired or owned by the municipality for the purpose of selling or developing such assets with the intention to sell it or utilising the asset in the production process or in the rendering of services shall be accounted for in the municipality's financial statements as inventory items and not as property, plant and equipment.

- ii. Inventories are recorded in a dedicated section of the Inventory Register and it is maintained for this purpose. The amount of cost of inventories is recognised and carried forward until related revenues are recognised.
- iii. Inventories are measured at the lower of cost and current replacement cost where they are held for distribution at no charge or for nominal charge, or for consumption in the production process of goods to be distributed at no charge or for a nominal charge.
- iv. In cases where the above does not apply, inventories are measured at lower of cost and net realisable value.

## 5. ASSET TYPES

### 5.1 PROPERTY, PLANT AND EQUIPMENT: LAND AND BUILDINGS (GRAP 17)

#### 5.1.1 General

- i. Land and Buildings comprise any land and buildings held (by the owner or by the lessee under a finance lease) by the municipality to be used in the production or supply of goods or for administrative purposes. Land held for a currently undetermined future use, should not be included in PPE: Land and Buildings, but should be included in Investment Properties. For this class of Land and Buildings there is no intention of developing or selling the property in the normal course of business. This land and buildings include infrastructure reserves.
- ii. The municipality shall choose either the cost model or the revaluation model as its accounting policy and shall apply that policy to an entire class of property, plant and equipment. If the municipality chooses the cost model for its Land and Buildings, then after recognition as an asset, Land and Buildings shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses
- iii. If the municipality chooses the revaluation model for its Land and Buildings, then after recognition as an asset, Land and Buildings whose fair value can be measured reliably shall be carried at a re-valued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

#### 5.1.2 Policy

- i. Subsequent to initial recognition, the Municipality chooses the **cost model** as the accounting policy for its Land and Buildings. Land is not depreciated as it is deemed to have an indefinite useful life.

## 5.2 PROPERTY, PLANT AND EQUIPMENT: INFRASTRUCTURE ASSETS (GRAP 17)

### 5.2.1 General

- ii. Infrastructure Assets comprise assets used for the delivery of infrastructure-based services. These assets typically include electricity, sanitation, solid waste, storm water, transport, and water assets. Many infrastructure assets form part of a greater facility e.g. a pump in a pump station.

- iii. Level of detail of componentisation

For the technical management of infrastructure, the most effective level of management is at the maintenance item level. It is at this level that work orders can be executed and data collected. This data is useful for maintenance analysis to improve infrastructure management decision making. This level in most cases coincides with the level that means the accounting criteria of different effective lives and materiality. However, the collection of data at this level of detail can be very costly when dealing with assets that are very numerous in nature e.g. water meters, street signs, street lights, household connections, etc. It is therefore prudent to balance the value of the information with the cost of collecting the data. The different levels of detail are shown below:

- a) Level 1: Service level (e.g. Prieska Water Supply)
  - b) Level 2: Network level (e.g. Prieska Pump Stations)
  - c) Level 3: Facility level (e.g. Prieska Pump Station)
  - d) Level 4: Maintenance item level (e.g. Pump 1 in Prieska Pump Station)
  - e) Level 5: Component level (e.g. Bearing of Pump 1 in Prieska Pump Station)
- iv. The preferred level of detail for the accounting and technical management of infrastructure is level 4 above.
  - v. The compilation of a detailed infrastructure asset register in one financial term is a costly and onerous exercise. To ensure the practicality of implementing asset registers (and asset management planning as a whole), the International Infrastructure Management Manual (IIMM) recommends the adoption of a continuous improvement process as a practical implementation approach. This approach recognises the value of limited data above no data and enables the municipalities to slowly, but steadily, increase their knowledge in the assets they own. The improvement principles of the IIMM recommend starting with complete coverage of the infrastructure types at a low level of detail (e.g. level 2 or 3) and then improving the level of detail over a period of several years, starting with the high risk assets, such as pump stations, treatment works, etc.

### 5.2.2 Policy

- i. The infrastructure asset register shall ensure complete representation of all infrastructure asset types. The level of detail of componentisation shall be defined to a level that balances the cost of collecting and maintaining the data with the benefits of minimising the risks of the municipality. Infrastructure assets are valued at cost less accumulated depreciation and accumulated impairment. If cost can however not be established, then infrastructure assets will be valued at depreciated replacement cost. Depreciated replacement cost is an accepted fair value calculation for assets where there is no active and liquid market. Depreciation shall be charged against such assets over their expected useful lives. The remaining useful life and residual value of, and the depreciation methods applied to Infrastructure assets shall be reviewed regularly, but the cost related to such reviews should be measured against benefits derived to ensure value for money.
- ii. Infrastructure Assets shall be recorded under the main categories listed in **Annexure A**;

## 5.3 PROPERTY, PLANT AND EQUIPMENT: HOUSING ASSETS

### 5.3.1 General

- i. **Housing Assets** have their origin from housing units erected in terms of the Housing Act, funded from loans granted by Government and comprise of rental stock or selling stock not held for capital gain.

### 5.3.2 Policy

- i. Housing assets are valued at cost less accumulated depreciation and accumulated impairment losses. Depreciation shall be charged against such assets over their expected useful lives.
- ii. **Housing Assets** shall be recorded under the following main categories;
  - a) Rental Schemes; and
  - b) Selling Schemes.

## 5.4 PROPERTY, PLANT AND EQUIPMENT: OTHER ASSETS

### 5.4.1 General

- i. Other Assets include a variety of assets that are of indirect benefit to the communities they serve. These assets include equipment, furniture and fittings, bins and containers,



emergency equipment, motor vehicles, specialised vehicles, computer equipment and office equipment.

#### **5.4.2 Policy**

- i. Other assets are stated at cost (or, if acquired through a non-exchange transaction, at its fair value) less accumulated depreciation and accumulated impairment losses. Depreciation shall be charged against such assets over their expected useful lives. Other assets are not re-valued.
- ii. Other Assets (general assets) shall be recorded under the main categories listed in ***Annexure A***.

### **5.5 HERITAGE ASSETS (GRAP 103)**

#### **5.5.1 General**

- i. Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations. Heritage assets include the following:
  - a) Archaeological sites;
  - b) Conservation areas;
  - c) Historical buildings or other historical structures (such as war memorials);
  - d) Historical sites (for example a historical battle site or site of a historical settlement);
  - e) Museum exhibits;
  - f) Public statues; and
  - g) Works of art (which will include paintings and sculptures).

#### **5.5.2 Policy**

- i. Heritage assets are stated at cost (or, if acquired through a non-exchange transaction, at its fair value) less accumulated impairment losses. Heritage assets are not re-valued. If an asset that might be regarded as a heritage asset cannot be reliably measured, relevant and useful information about it shall be disclosed in the notes to the financial statements.

### **5.6 INTANGIBLE ASSETS (GRAP 102)**

#### **5.6.1 General**

- i. Intangible Assets can be purchased, or can be internally developed, by the municipality and includes, but are not limited to, computer software, website development cost, servitudes and mining rights.

#### ***ii. Servitudes***

#### **Creation of servitudes through the exercise of legislation**

- a) In terms of legislation, municipalities are granted certain rights regarding the creation of servitudes. For example, in proclaiming townships, a municipality may declare that servitudes are to be registered over certain parts of the land falling within the boundaries of the proclaimed township so that it is able to install infrastructure to provide basic services.
- b) A key feature of servitudes created using rights granted in legislation is that no compensation is paid to the landowner for the acquisition of these rights. Costs may however be incurred to register the servitude with the Deeds Office.
- c) Servitudes granted under these conditions **do not meet** the “identifiably” criteria above for the following reasons:
  - They cannot be sold, transferred, rented or exchanged freely and are not separable from the entity.
  - They arise from rights granted to the entity in statute and are specifically excluded from GRAP102 as they are “internally generated rights”.

### iii. **Creation of servitudes through acquisition (including by way of expropriation or agreement)**

- a) An entity may need to acquire the rights associated with a specific piece of land, e.g. to span power cables related to an electricity distribution network. When an entity acquires rights associated with land, and registers a servitude, the landowner is usually compensated. Servitudes granted under these conditions are distinguished from those that are created through the exercise of legislation. These servitudes meet the definition of an “identifiable” intangible asset because they arise from contractual or other legal rights that are acquired through a specific arrangement, rather than through rights conferred on an entity in statute. In these instances, an entity would recognise the servitude as an intangible asset at cost. The cost of these servitudes on initial recognition is usually the transaction price, i.e. the compensation paid to the landowner and any other costs that can be capitalised to the cost of the asset in terms of GRAP 102.

## 5.6.2 Policy

- i. Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Such assets are amortised over the best estimate of the useful life of the intangible asset. If an intangible asset is generated internally by the municipality, then a distinction should be made between research and development costs. Research costs should be expensed and development costs may be capitalised if all the criteria set out in GRAP 102 has been met.

## 5.7 INVESTMENT PROPERTY (GRAP 16)

### 5.7.1 General

- i. Investment Property comprise of land or buildings (or parts of buildings) or both, held by the municipality as owner, or as lessee under a finance lease, to earn rental revenues or

for capital appreciation or both. Investment property does not include property used in the production or supply of service or for administration. It also does not include property that will be sold in the normal course of business. Typical investment properties include:

- a) Office parks (which have been developed by the municipality itself or jointly between the municipality and one or more other parties);
- b) Shopping centres (developed along similar lines);
- c) Housing developments (developments financed and managed by the municipality itself, with the sole purpose of selling or letting such houses for profit).

### 5.7.2 Policy

- i. Investment Properties shall be accounted for in terms of GRAP 16 and shall not be classified as PPE for purposes of preparing the municipality's Statement of Financial Position. Investment Property is initially measured at its cost. Transaction costs shall be included in this initial measurement. Where an investment property is acquired at no cost, or for a nominal cost, its cost is its fair value as at the date of acquisition.
- ii. If the Council of the municipality resolves to construct or develop a property for future use as an investment property, such property shall in every respect be accounted for as PPE until it is ready for its intended use, where after it shall be reclassified as an investment asset.
- iii. After initial recognition, all investment property shall be measured at fair value. Depreciation is calculated on cost, using the straight-line method over the useful life of the property, which is estimated at 20-50 years. The fair value of investment property shall be determined annually at reporting date in terms of GRAP 16.88e. The fair value should reflect market conditions and circumstances as at the reporting date.
- iv. Investment assets are recorded in an Investment Property register.
- v. The following classes of Municipal Property **will be classified** as Investment Property:
  - a) Land held for long-term capital appreciation rather than for short-term sale in the ordinary course of operations which council intends to sell at a beneficial time in the future.
  - b) Land held for a currently undetermined future use.
  - c) A building owned by the municipality (or held by the municipality under a finance lease) and leased out under one or more operating leases on a commercial basis.
  - d) A building that is currently vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.
  - e) Property that is being constructed or developed for future use as investment property.
- vi. The following classes of Municipal Property **will not be classified** as Investment Property:
  - a) Property held for sale in the ordinary course of operations or in the process of construction or development for such sale. This property is treated as inventory.
  - b) Property being constructed or developed on behalf of the Provincial Government: Housing Department.

- c) Owner-occupied property which is defined as property which is held (by the owner or by the lessee under a finance lease) for use in the production or supply of goods or services or for administrative purposes as per definition criteria of GRAP 17 which includes all council buildings used for administration purposes.
- d) Property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) are also regarded to be owner-occupied property.
- e) Property that is leased to another entity under a finance lease.
- f) Property held to provide a social service and which also generates cash inflows. For example, if council holds housing stock (letting units) used to provide housing to low income families at below market rental. In this situation, the property is held to provide housing services rather than for rentals or capital appreciation and rental revenue generated is incidental to the purposes for which the property is held.
- g) Property held by council for strategic purposes or to meet service delivery objectives rather than to earn rental or for capital appreciation.
- h) Where council has properties that are used both for administrative and commercial purposes and part of the properties cannot be sold separately these properties will not be classified as investment properties.

## **5.8 BIOLOGICAL ASSETS (GRAP 101)**

### **5.8.1 General**

- i. Biological Assets are living plants and animals such as trees in a plantation or orchard, cultivated plants, sheep and cattle. Managed agricultural activity such as raising livestock, forestry, annual or perennial cropping, fish farming that are in the process of growing, degenerating, regenerating and / or procreating which are expected to eventually result in agricultural produce. Such agricultural produce is recognised at the point of harvest. Future economic benefits must flow to the municipality from its ownership or control of the asset.
- ii. Point-of-sale costs include commissions to brokers and dealers, levies by regulatory agencies and commodity exchanges, and transfer taxes and duties. Point-of-sale costs exclude transport and other costs necessary to get assets to the market. Where the municipality is unable to measure the fair value of biological assets reliably, a biological asset should be measured at cost less any accumulated depreciation and accumulated impairment losses.

### **5.8.2 Policy**

- i. Biological assets, such as livestock and crops, shall be valued annually at fair value less estimated point-of-sales costs.

## **5.9 ASSETS CLASSIFIED AS HELD-FOR-SALE (GRAP 100)**

### **5.9.1 General**

- i. A non-current asset shall be classified as Assets Held-for-Sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable.
- ii. For the sale to be highly probable, management must be committed to a plan to sell the asset, and an active programme to locate a buyer and complete the plan must have been initiated. Further, the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

### **5.9.2 Policy**

- i. Assets identified for disposal by way of a sale transaction, be it by public auction, bidding process or sales agreement, within 12 months of the date of identification shall be classified as assets held-for-sale and transferred from the home asset category to held-for-sale category. Such assets shall be measured at the lower of its carrying amount and fair value less costs to sell and is not depreciated any further upon classification as held-for-sale. The municipality shall not classify a non-current asset that is to be abandoned as held-for-sale because its carrying amount will be recovered principally through continuing use.

## **5.10 INVENTORY PROPERTY (GRAP 12)**

### **5.10.1 General**

- i. Inventory Property comprises any land or buildings owned or acquired by the municipality with the intention of selling such property in the ordinary course of business, or any land or buildings owned or acquired by the municipality with the intention of developing such property for the purpose of selling it in the ordinary course of business.

### **5.10.2 Policy**

- ii. Inventory land and buildings shall be accounted for as inventory, and not included in either PPE or Investment Property in the municipality's asset register or Statement of Financial Position. Inventory property shall be valued annually at reporting date at the lower of its carrying value or net realisable value, except where they are held for:
  - a) distribution at no charge or for a nominal charge, or

- b) Consumption in the production process of goods to be distributed at no charge or for a nominal charge, then they shall be measured at the lower of cost and current replacement cost.
- c) Inventory properties shall be recorded in the Inventory register.

## **6. ASSET ACQUISITION**

### **6.1 ACQUISITION OF ASSETS**

#### **6.1.1 General**

- i. Acquisition of assets refers to the purchase of assets by buying, building (construction), or leasing. The date of acquisition of assets is deemed to be the time when control or legal title passes to the municipality.

#### **6.1.2 Policy**

- i. Should the municipality decide to acquire a capital asset, the following fundamental principles should be carefully considered prior to acquisition of such an asset:
  - a) The purpose for which the asset is required is in keeping with the objectives of the municipality and will provide significant, direct and tangible benefit to it;
  - b) The asset meets the definition of a Capital Asset (as defined in GRAP 16, GRAP 17, GRAP 101, GRAP 102 and GRAP 103)
  - c) The asset has been budgeted for;
  - d) The future annual operations and maintenance needs have been calculated and have been budgeted for in the operations budget;
  - e) The purchase is absolutely necessary as there is no alternative municipal asset that could be economically upgraded or adapted;
  - f) The asset is appropriate to the task or requirement and is cost-effective over the life of the asset.
  - g) The asset is compatible with existing equipment and will not result in unwarranted additional expenditure on other assets or resources;
  - h) Space and other necessary facilities to accommodate the asset are in place; and
  - i) The most suitable and appropriate type, brand, model, etc. has been selected.

### **6.2 CREATION OF NEW INFRASTRUCTURE ASSETS**

#### **6.2.1 General**

- ii. Creation of new infrastructure assets refers to the purchase and / or construction of totally new assets that has not been in the control or ownership of the municipality in the past.

#### **6.2.2 Policy**

- iii. The cost of all new infrastructure facilities (not additions to or maintenance of existing infrastructure assets) shall be allocated to the separate assets making up such a facility and values may be used as a basis for splitting up construction costs of new infrastructure into the component parts, each of which have an appropriate useful life.

- iv. Work in progress shall be flagged (indicated) as such in the asset register until such time that the facility is completed. Depreciation will commence when the construction of the asset is finalised and the asset is in the condition necessary for it to operate in the manner intended by management. Each part of an item of Infrastructure with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

## **6.3 SELF-CONSTRUCTED ASSETS**

### **6.3.1 General**

- i. Self-constructed assets relate to all assets constructed by the municipality itself or another party on instructions from the municipality.

### **6.3.2 Policy**

- ii. All assets that can be classified as assets and that are constructed by the municipality should be recorded in the asset register and depreciated over its estimated useful life for that category of asset. Work in progress shall be flagged (indicated) as such in the asset register until such time that the facility is completed. Depreciation will commence when the construction of the asset is finalised and the asset is in the condition necessary for it to operate in the manner intended by management.

## **6.4 DONATED ASSETS**

### **6.4.1 General**

A donated asset is an item that has been given to the municipality by a third party in government or outside government without paying or actual or implied exchange.

### **6.4.2 Policy**

Donated assets shall be valued at fair value, reflected in the asset register, and depreciated as normal assets. All donated assets shall be approved by the Municipal Manager and ratified by Council prior to acceptance.

## **7. ASSET MAINTENANCE**

### **7.1 USEFUL LIFE OF ASSETS**

#### **7.1.1 General**

- i. Useful Life of assets is defined in section 2 of the Policy and is basically the period or number of production units for which an asset can be used economically by the municipality.
- ii. Although National Treasury (NT) guidelines exist that includes directives for useful lives of assets, municipalities must use their own judgement based on operational experience and in consultation with specialists where necessary in determining the useful lives for

particular classes of assets. The calculation of useful life is based on a particular level of planned maintenance.

### **7.1.2 Policy**

- i. The remaining useful life of assets shall be reviewed annually. Changes emanating from such reviews should be accounted for as a change in accounting estimates in terms of GRAP 3. During annual physical verification of movable assets, an assessment of condition and use shall determine the appropriateness of the remaining useful lives, while for infrastructure assets, the useful lives shall be deemed to be appropriate unless an event has occurred or conditions of use have changed, which may have an effect on the remaining useful lives of these assets.

## **7.2 RESIDUAL VALUE OF ASSETS**

### **7.2.1 General**

- i. The Residual Value of an asset is the estimated amount that the municipality would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.
- ii. The residual values of most assets are however considered to be insignificant and therefore immaterial in the calculation of the depreciable amount. The reason is that the majority of assets are hardly ever recovered through sale, but rather through use of the asset until the end of its useful life, after which insignificant amounts, if any, are expected to be obtained, as these assets will most probably be replaced in its entirety.
- iii. Assets typically not sold by the municipality are land, buildings, infrastructure and community assets, which assets will have a residual value of zero, allowing the asset to be fully depreciated over its useful life cycle. Residual values will only be applicable to assets that are normally disposed of by selling them once the municipality does not have a need for such assets anymore, e.g. motor vehicles. Past experiences of municipal auctions held revealed that furniture, computer equipment and other movable assets does not reach selling prices that are material.

### **7.2.2 Policy**

- i. Residual values shall be determined upon initial recognition of assets that are normally disposed of by selling them once the municipality does not have a need for such assets anymore, e.g. motor vehicles. The basis of the residual value estimates shall be determined by the results of past sales of vehicles at auctions when it reaches the end of its useful lives. The residual value of assets shall be reviewed annually at reporting date. Changes in depreciation charges emanating from such reviews should be accounted for as a change in accounting estimates in terms of GRAP 3.



## **7.3 DEPRECIATION OF ASSETS**

### **7.3.1 General**

- i. Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. Depreciation therefore recognises the gradual exhaustion of the asset's service capacity. The depreciable amount is the cost of an asset, or other amount substituted for cost in the financial statements, less its residual value. The depreciation method used must reflect the pattern in which economic benefits or service potential of a Capital Asset is consumed by the municipality. The following are the allowed alternative depreciation methods that can be applied by the municipality:
  - a. Straight-line;
  - b. Diminishing Balance; and
  - c. Sum of the Units.

### **7.3.2 Policy**

- i. All PPE assets except land shall be depreciated over their reasonable useful lives. The residual value and the useful life of an asset shall be reviewed at each reporting date. The depreciation method applied shall be reviewed at each reporting date. Reasonable budgetary provisions shall be made annually for the depreciation of all applicable assets controlled or used by the municipality, or expected to be so controlled or used during the ensuing financial year.
- ii. Depreciation shall take the form of an expense both calculated and debited on a monthly basis against the appropriate line item in the department or vote in which the asset is used or consumed. Depreciation of an asset shall begin when the asset is ready to be used, i.e. the asset is in the location and condition necessary for it to be able to operate in the manner intended by management. Depreciation of an asset ceases when the asset is derecognised. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use and held for disposal unless the asset is fully depreciated. However, under certain methods of depreciation the depreciation charge can be zero while there is no production. In the case of intangible assets being included as assets, the procedures to be followed in accounting and budgeting for the amortisation of intangible assets shall be identical to those applying to the depreciation of other assets.

## **7.4 IMPAIRMENT LOSSES**

### **7.4.1 General**

- i. Impairment is the loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation. The following serve as examples of impairment indicators:
  - a. Significant decline in market value;
  - b. Carrying amount of an asset far exceeds the recoverable amount or market value;
  - c. There is evidence of obsolescence (or physical damage);

- d. The deterioration of economic performance of the asset concerned; and
  - e. The loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (such as through inadequate maintenance).
- ii. The impairment amount is calculated as the difference between the carrying value and the recoverable service value. The recoverable service value is the higher of the asset's value in use or its net selling price. Where the recoverable service amount is less than the carrying amount, the carrying amount should be reduced to the recoverable service amount by way of an impairment loss. The impairment loss should be recognised as an expense when incurred unless the asset is carried at re-valued amount.
  - iii. If the asset is carried at a re-valued amount the impairment should be recorded as a decrease in the revaluation reserve. Where immovable property, plant and equipment surveys are conducted, the recoverable service value is determined using the depreciated replacement costs method by assessing the remaining useful life.

#### **7.4.2 Policy**

- i. Assets shall be reviewed annually for all assets with impairment indicators. Impairment of assets shall be recognised as an expense, unless it reverses a previous revaluation in which case it should be charged to the Revaluation Surplus. The reversal of previous impairment losses recognised as an expense is recognised as an income.

### **7.5 MAINTENANCE OF ASSETS AND THE ASSET REGISTER**

#### **7.5.1 General**

- i. Maintenance refers to all actions necessary for retaining an asset as near as practicable to its original condition in order for it to achieve its expected useful life, but excluding rehabilitation or renewal. This includes all types of maintenance – corrective and preventative maintenance.
- ii. For linear infrastructure assets, such as pipes, cables and roads, the following test is applied to differentiate between maintenance and renewal when partial sections of linear assets are renewed:
  - a. If a future renewal of the entire pipe will include the renewal of the partial section that is now renewed, then the renewal of the partial section is treated as maintenance.
  - b. If a future renewal of the entire pipe will retain the partial section that is now renewed, then the renewal of the partial section is treated as renewal and the pipe is split into two separate assets.
- iii. Maintenance analysis is an essential function of infrastructure management to ensure cost-effective and sustainable service delivery. In order to analyse maintenance data, maintenance actions undertaken against individual infrastructure assets should be recorded against such assets.

### **7.5.2 Policy**

- i. Maintenance actions performed on infrastructure assets shall be recorded against the individual assets that are identified in the asset register.

## **7.6 RENEWAL OF ASSETS**

### **7.6.1 General**

- i. Asset Renewal is restoration of the service potential of the asset. Asset renewal is required to sustain service provision from infrastructure beyond the initial or original life of the asset. If the service provided by the asset is still required at the end of its useful life, the asset must be renewed. However if the service is no longer required, the asset should not be renewed. Asset renewal projections are generally based on forecast renewal by replacement, refurbishment, rehabilitation or reconstruction of assets to maintain desired service levels.

### **7.6.2 Policy**

- i. Assets renewal shall be accounted for against the specific asset. The renewal value shall be capitalised against the asset and the expected life of the asset adjusted to reflect the new asset life.

## **7.7 REPLACEMENT OF ASSETS**

### **7.7.1 General**

- i. This paragraph deals with the complete replacement of an asset that has reached the end of its useful life so as to provide a similar or agreed alternative level of service.

### **7.7.2 Policy**

- i. Assets that are replaced shall be written off at their carrying value. The replacement asset shall be accounted for as a separate new asset. All costs incurred to replace the asset shall be capitalised against the new asset.

## **8. ASSET DISPOSAL**

### **8.1 TRANSFER OF ASSETS**

#### **8.1.1 General**

- i. The processes and rules for the transfer of a capital asset to another municipality, municipal entity or national/provincial organ of state are governed by an MFMA regulation namely “the Local Government: Municipal Asset Transfer Regulations”.
- ii. Transfer of assets or inventory items refers to the internal transfer of assets within the municipality or from the municipality to another entity. Procedures need to be in place to ensure that the Asset Control Department can keep track of all assets and ensure that the

asset register is updated with all changes in asset locations. These procedures must be followed and apply to all transfers of assets from:

- a. One Department to another Department;
- b. One location to another within the same department;
- c. One building to another; and
- d. One entity to another.

### **8.1.2 Policy**

The transfer of assets shall be controlled by a transfer process and the asset register shall be updated.

## **8.2 EXCHANGE OF ASSETS**

### **8.2.1 General**

- i. According to GRAP 17.33 an item of PPE may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets. The cost of such an item of property, plant and equipment is measured at fair value unless:
  - a. the exchange transaction lacks commercial substance; or
  - b. the fair value of neither the asset received nor the asset given up is reliably measurable.
- ii. If the acquired item is not measured at fair value, its cost is measured at the carrying amount of the asset given up.

### **8.2.2 Policy**

- i. The cost of assets acquired in exchange for another asset shall be measured at the fair value of the asset received, which is equivalent to the fair value of the asset given up, adjusted by the amount of any cash or cash equivalents transferred.

## **8.3 ALIENATION / DISPOSAL OF ASSETS**

### **8.3.1 General**

- i. Alienation / Disposal (alienation) is the process of disowning redundant and obsolete assets by transferring ownership or title to another owner, which is external to the municipality.
- ii. The MFMA (section 14 and 90) and the Municipal Supply Chain Management Regulation no. 27636 have specific requirements regarding the disposal of capital assets.
- iii. Specifically:
  - a. A municipality may not ...” permanently dispose of a capital asset needed to provide the minimum level of basic municipal services”
  - b. Where a municipal council has decided that a specific asset is not needed to provide the minimum level of basic services, a transfer of ownership of an asset must be fair,

equitable, transparent, competitive and consistent with the municipality's supply chain management policy.

- iv. In addition, the MFMA section 75 (1)(h) requires that the accounting officer of a municipality places on the municipality's website an information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14(2) or (4) during the previous quarter.

### **8.3.2 Policy**

- i. The disposal of an item of property, plant or equipment must be fair, equitable, transparent, competitive and cost effective and comply with a prescribed regulatory framework for municipal supply chain management and the Supply Chain Management Policy of the municipality.
- ii. Different disposal methods will be necessary for different types of assets. Before deciding on a particular disposal method, the following shall be considered:
  - a. The nature of the asset
  - b. The potential market value
  - c. Other intrinsic value of the asset
  - d. Its location
  - e. Its volume
  - f. Its trade-in price
  - g. Its ability to support wider Government programmes;
  - h. Environmental considerations
  - i. Market conditions
  - j. The asset's life
- iii. Appropriate means of disposal may include:
  - a. Public auction
  - b. Public tender
  - c. Transfer to another institution
  - d. Sale to another institution
  - e. Letting to another institution under finance lease
  - f. Trade-in
  - g. Controlled dumping (for items that have low value or are unhygienic)
- iv. Other means of alienation include:
  - a. Donations: Donations may be considered as a method of alienation, but such requests must be motivated to the Municipal Manager for approval.
  - b. Destruction: Assets that are hazardous or need to be destroyed must be identified for tenders or quotations by professional disposal agencies.
  - c. Scrapping: Scrapping of assets that cannot be alienated otherwise may be considered as a method of alienation, but such requests must be motivated to the Municipal Manager.

- d. The letting of immovable property, excluding municipal housing for officials and political office bearers, must be done at market-related tariffs, unless the relevant treasury approves otherwise. No municipal property may be let free of charge without the prior approval of the relevant treasury.
- v. Once the fixed assets are disposed, the asset shall be removed from the accounting records and the asset register. All gains and losses realised on the disposal of assets shall be accounted for as revenue or expense in the Statement of Financial Performance.

## **8.4 SELLING OF ASSETS**

### **8.4.1 General**

- i. Selling of assets refers to the public sale of municipal assets approved for alienation.

### **8.4.2 Policy**

- i. All assets earmarked for sale must be sold by public auction or tender and the following steps shall be followed:
  - a. A notice of the intention of the municipality to sell the asset shall be published in a local newspaper;
  - b. The municipality shall appoint an independent appraiser to fix a minimum selling price;
  - c. In the case of a public auction, the municipality shall appoint an independent auctioneer to conduct the auction; and
  - d. In the case of a tender, the prescribed tender procedures of the municipality shall be followed.
- ii. Assets earmarked for sale, shall be reclassified as Assets Held-for-Sale in terms of section 5.10 of this Policy and shall not attract any further depreciation. Sold assets shall be written-off in the asset register.

## **8.5 WRITING-OFF OF ASSETS**

### **8.5.1 General**

- i. The write-off of assets is the process to permanently remove the assets from the asset register. Assets can be written-off after approval of the Municipal Manager of a report indicating that:
  - a. The useful life of the asset has expired;
  - b. The asset has been destroyed;
  - c. The asset is out-dated;
  - d. The asset has no further useful life;
  - e. The asset does not exist anymore;
  - f. The asset has been sold; and
  - g. Acceptable reasons have been furnished leading to the circumstances set out above.

### **8.5.2 Policy**

The only reasons for writing off assets, other than the sale of such assets during the process of alienation, shall be the loss, theft, destruction, material impairment, or decommissioning of the asset in question.

## **9. PHYSICAL CONTROL (MOVABLE ASSETS)**

### **9.1 PHYSICAL CONTROL / VERIFICATION**

#### **9.1.1 General**

- i. Movable assets require physical control and verification of existence.

#### **9.1.2 Policy**

- i. All movable assets shall be actively controlled, including an annual verification process. Annual physical inspections of assets shall be performed to identify items which are missing, damaged, not in use or are obsolete due to changed circumstances, to ensure that they are appropriately repaired, impaired, written off or disposed of.
- ii. Registers shall be kept for those assets allocated to staff members. The individuals are responsible and accountable for the assets under their control. These registers should be updated when the assets are moved to different locations or allocated to a different staff member in order to facilitate control and physical verification.

## **9.2 INSURANCE OF ASSETS**

#### **9.2.1 General**

- i. Insurance provides selected coverage for the accidental loss of the asset value. Generally, government infrastructure is not insured against disasters because relief is provided from the Disaster Fund through National Treasury.

#### **9.2.2 Policy**

- i. Assets that are material in value and substance shall be insured at least against destruction, fire and theft. All municipal buildings shall be insured at least against fire and allied perils.

## **9.3 SAFEKEEPING OF ASSETS**

#### **9.3.1 General**

- i. Asset safekeeping is the protection of assets from damage, theft, and safety risks.

#### **9.3.2 Policy**

- i. Directives for the safekeeping of assets shall be developed and the safekeeping of assets shall be actively undertaken.

## 10. ASSET FINANCIAL CONTROL

### 10.1 CAPITAL REPLACEMENT RESERVE (CRR)

#### 10.1.1 General

- i. The CRR is a reserve account to set aside funds for the financing of property, plant and equipment. The CRR is therefore an asset financing source that represents an alternative to the other funding sources available to the municipality, namely external loans (interest bearing borrowings) and government grants & subsidies. The value of this reserve is not represented by any values of assets under the municipality's control and shall preferably be cash-backed.

#### 10.1.2 Policy

- i. It is the policy of Council to annually make contributions to the CRR to ensure that the CRR remains a capital funding source for the future. The municipality will determine its future capital financing requirements and transfer sufficient cash to its CRR in terms of this determination. The Integrated Development Plan, the municipality's ability to raise external finance and the amount of government grants and subsidies that will be received in future will need to be taken into account in determining the amount that must be transferred to the CRR. Whenever an asset is sold by the municipality, the proceeds on the sale of the assets must be transferred from the Accumulated Surplus to the CRR via the Statement of Changes in Net Assets. All proceeds on the sale of land will be transferred from the Accumulated Surplus to the CRR via the Statement of Changes in Net Assets. Whenever an asset is purchased out of the CRR an amount equal to the cost price of the asset purchased, is transferred from the CRR into accumulated surplus on the Statement of Changes in Net Assets.

### 10.2 NON-DISTRIBUTABLE RESERVES (PUBLIC CONTRIBUTIONS AND DONATIONS RESERVE AND CAPITALISATION RESERVE)

#### 10.2.1 General

- i. The ***Public Contributions and Donations Reserve and the Capitalisation Reserves*** are reserve accounts dedicated towards funding the future depreciation of assets. The value of these reserves is equal to the carrying values of all depreciable assets under the municipality's control that was funded from *Public Contributions / Donations or Internal Advances*.
- ii. An amount equal to the monthly depreciation expenses and impairment losses recognised is transferred from the non-distributable reserve to the municipality's appropriation account (retained income) on a monthly basis.
- iii. For all new assets capitalised which are funded from *Public Contributions / Donations*, an amount equal to the capitalisation amount is appropriated to the Public Contributions and Donations Reserve from the Appropriation Account.



- iv. Since Internal Advances are not allowed anymore, no assets will be acquired from this source with the result that the Capitalisation Reserve will become totally depleted once the assets funded Internal Advances under IMFO standards, are fully depreciated.

#### **10.2.2 Policy**

- i. The CFO shall ensure that the asset financing non-distributable reserves are created equal in value to the **carrying** value of all assets under the municipality's control funded from public contributions / donations and internal advances. The CFO shall thereafter ensure that in the case of depreciable assets, an amount equal to the monthly depreciation expenses and impairment losses recognised of the assets concerned is transferred each month from such non-distributable reserve to the municipality's appropriation account. For acquisitions of depreciable assets funded from public contributions / donations, an amount equal to the capitalisation amount is appropriated to the reserve from the municipality's appropriation account.

### **10.3 GOVERNMENT GRANTS RESERVE**

#### **10.3.1 General**

- i. The **Government Grants Reserve** is a reserve account dedicated towards funding the future depreciation of assets. The value of this reserve is equal to the carrying values of all depreciable assets under the municipality's control that was funded from *Government Grants*.
- ii. An amount equal to the value of Government Grants spent on capital assets (conditions met) is recorded as revenue. The amount is then transferred from the accumulated surplus account to the Government Grant Reserve. Monthly depreciation expenses and impairment losses recognised is released from the reserve to the municipality's accumulated surplus.

#### **10.3.2 Policy**

- i. The CFO shall ensure that the Government Grant Reserve is created equal in value to the carrying value of all assets under the municipality's control funded from government grants. The CFO shall thereafter ensure that in the case of depreciable assets, an amount equal to the monthly depreciation expenses and impairment losses recognised of the assets concerned is released each month from the government grant reserve to the municipality's accumulated surplus. For acquisitions of depreciable assets funded from government grants, revenue is recorded and an amount equal to the capitalisation amount is transferred from the accumulated surplus to the GGR.

## **10.4 BORROWING COSTS (GRAP 5)**

### **10.4.1 General**

- i. Borrowing costs are interest and other costs incurred by the municipality from borrowed funds. The items that are classified as borrowing costs include interest on bank overdrafts and short-term and long-term borrowings, amortisation of premiums or discounts associated with such borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance charges in respect of finance leases and foreign exchange differences arising from foreign currency borrowings when these are regarded as an adjustment to interest costs. The capitalisation of borrowing costs should take place when borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. During extended periods in which development of an asset is interrupted, the borrowing costs incurred over that time period should be recognised as an expense when incurred. Capitalisation of borrowing costs should cease when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.
- ii. It is inappropriate to capitalise borrowing costs when there is clear evidence that it is difficult to link a borrowing requirement directly to the nature of the expenditure to be funded, i.e. Capital or Current.

### **10.4.2 Policy**

- i. Borrowing costs shall be capitalised, if directly attributable to the acquisition construction or production of an asset, except when it is inappropriate to do so.

## **10.5 FUNDING SOURCES**

### **10.5.1 General**

- i. The Municipal Finance Management Act (MFMA) provides guidelines on how to utilize funds in financing assets (Section 19 of MFMA). The municipality shall utilise any of the following sources to acquire and / or purchase assets:
  - a. Grants, Subsidies and Public Contributions;
  - b. Revenue Contributions;
  - c. Capital Replacement Reserve;
  - d. Cash Surplus; and / or
  - e. External / Donor Funds.

### **10.5.2 Policy**

- i. The annual capital budget must be funded and the sources of finance must be disclosed as part of the Council's budget.

## **10.6 DISASTER**

### **10.6.1 General**

- i. In terms of the Disaster Management Act, 2002, Disaster means a progressive or sudden, widespread or localised, natural or human – caused occurrence which causes or threatens to cause:
  - a. death, injury or disease;
  - b. damage to property, infrastructure or the environment; or
  - c. disruption of life of community; and
  - d. is of a magnitude that exceeds the ability of those affected by the disaster to cope with
    - a. its effects using only their own resources.
- ii. In terms Section 56 (b) of the Disaster Management Act, 2002 the cost of repairing or replacing public sector infrastructure should be borne by the organ of state responsible for the maintenance of such infrastructure. The National, Provincial and Local organs of state may contribute financially to response efforts and post – disaster recovery and rehabilitation.

### **10.6.2 Policy**

- i. The Municipality will correspond with the Provincial organs to gain funds for repairing assets damaged in disaster events. The municipality must adhere to the disaster management plan for prevention and mitigation of disaster in order to be able to attract the disaster management contribution during or after disaster.

## ANNEXURES

### 11 ANNEXURE A:

ACCOUNTING GROUP	ACCOUNTING CATEGORY	CATEGORY	GROUP	DESCRIPTION	EUL (MONTHS)	EUL (YEARS)
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	WATER	BOREHOLES	BOREHOLES	360	30
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	WATER	BULK DISTRIBUTION	METERS & TELEMETRY	240	20
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	WATER	BULK DISTRIBUTION	PIPE LINES	240	20
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	WATER	BULK DISTRIBUTION	VALVES	240	20
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	WATER	BULK DISTRIBUTION	WATER RIGHTS	480	40
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	WATER	DISTRIBUTION / RETICULATION NETWORK	PIPE LINES	240	20
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	WATER	FIREHYDRANTS	FIREHYDRANTS	240	20
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	WATER	METERS	METERS	240	20
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	WATER	STANDPIPES	STANDPIPES	60	5
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	WATER	PUMP STATION	CIVILS	360	30
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	WATER	PUMP STATION	MECHANICAL PLANT	180	15
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	WATER	PUMP STATION	ELECTRICAL PLANT	180	15
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	WATER	PUMP STATION	TELEMETRY	120	10
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	WATER	PUMP STATION	BUILDINGS	360	30
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	WATER	STORAGE	RESERVOIRS CIVILS	360	30
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	WATER	STORAGE	RESERVOIRS MECHANICAL	180	15
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	WATER	STORAGE	RESERVOIRS ELECTRICAL	180	15
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	WATER	STORAGE	DAM CONCRETE WALL	960	80
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	WATER	STORAGE	DAM EARTH WALL	360	30
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	WATER	STORAGE	DAM SLUICE GATE	180	15

PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	WATER	VALVES	BULK DISTRIBUTION	180	15
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	WATER	VALVES	MAIN LINE	180	15
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	WATER	VALVES	PUMP STATION	180	15
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	WATER	VALVES	RESERVOIRS	180	15
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	WATER	VALVES	VALVE CHAMBERS	360	30
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	WATER	WATER TREATMENT WORKS	CIVILS	360	30
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	WATER	WATER TREATMENT WORKS	MECHANICAL PLANT	180	15
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	WATER	WATER TREATMENT WORKS	ELECTRICAL PLANT	180	15
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	WATER	WATER TREATMENT WORKS	TELEMETRY	120	10
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	WATER	WATER TREATMENT WORKS	BUILDINGS	360	30
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	SEWER	BULK DISTRIBUTION	PIPELINES	480	40
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	SEWER	BULK DISTRIBUTION	VALVES	240	20
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	SEWER	COLLECTION / RETICULATION NETWORK	PIPELINES	480	40
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	SEWER	COLLECTION / RETICULATION NETWORK	SERVICE CONNECTIONS	480	40
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	SEWER	COLLECTION / RETICULATION NETWORK	MANHOLES / OUTFALL STRUCTURES	480	40
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	SEWER	OXIDATION PONDS	OXIDATION PONDS	480	40
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	SEWER	SEWERAGE PUMP STATIONS	CIVILS	360	30
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	SEWER	SEWERAGE PUMP STATIONS	MECHANICAL PLANT	180	15
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	SEWER	SEWERAGE PUMP STATIONS	ELECTRICAL PLANT	180	15
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	SEWER	SEWERAGE PUMP STATIONS	TELEMETRY	120	10
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	SEWER	SEWERAGE PUMP STATIONS	BUILDINGS	360	30
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	SEWER	VIP TOILETS	VIP TOILETS	60	5
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	SEWER	WASTE WATER TREATMENT WORKS (PLANT)	WASTE WATER TREATMENT WORKS (PLANT)	360	30
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	SEWER	WASTE WATER TREATMENT WORKS (PLANT)	ACCESS & INTERNAL ROADS	180	15
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	SEWER	WASTE WATER TREATMENT WORKS (PLANT)	PERIMETER PROTECTION (FENCING)	120	10
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	SEWER	WASTE WATER TREATMENT WORKS (PLANT)	LIGHTING	180	15

PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	SEWER	WASTE WATER TREATMENT WORKS (PLANT)	INLET WORKS STRUCTURES	360	30
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	SEWER	WASTE WATER TREATMENT WORKS (PLANT)	INLET WORKS SCREENS	360	30
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	SEWER	WASTE WATER TREATMENT WORKS (PLANT)	INLET WORKS CHANNELS	360	30
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	SEWER	WASTE WATER TREATMENT WORKS (PLANT)	INLET WORKS ELECTRICAL CONTROL UNITS	120	10
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	SEWER	WASTE WATER TREATMENT WORKS (PLANT)	PUMP STATION STRUCTURES	360	30
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	SEWER	WASTE WATER TREATMENT WORKS (PLANT)	PUMP STATION ELECTRICAL CONTROL UNIT	180	15
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	SEWER	WASTE WATER TREATMENT WORKS (PLANT)	PUMP STATION PUMPS	180	15
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	SEWER	WASTE WATER TREATMENT WORKS (PLANT)	PUMP STATION VALVES	360	30
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	SEWER	WASTE WATER TREATMENT WORKS (PLANT)	PUMP STATION METERS & TELEMETRY	120	10
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	SEWER	WASTE WATER TREATMENT WORKS (PLANT)	DIVERSION CHAMBERS	360	30
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	SEWER	WASTE WATER TREATMENT WORKS (PLANT)	SEDIMENT TANK STRUCTURES	360	30
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	SEWER	WASTE WATER TREATMENT WORKS (PLANT)	SEDIMENT TANK BRIDGES	180	15
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	SEWER	WASTE WATER TREATMENT WORKS (PLANT)	DIGESTER STRUCTURES	360	30
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	SEWER	WASTE WATER TREATMENT WORKS (PLANT)	DIGESTER MIXERS	180	15
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	SEWER	WASTE WATER TREATMENT WORKS (PLANT)	TRICKLING FILTER PIPES	180	15
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ROADS	BRIDGES, SUBWAYS & CULVERTS	BRIDGES PEDESTRIAN CONCRETE	960	80
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ROADS	BRIDGES, SUBWAYS & CULVERTS	BRIDGES PEDESTRIAN STEEL	600	50
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ROADS	BRIDGES, SUBWAYS & CULVERTS	BRIDGES PEDESTRIAN TIMBER	480	40
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ROADS	BRIDGES, SUBWAYS & CULVERTS	BRIDGES VEHICLES CONCRETE	960	80
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ROADS	BRIDGES, SUBWAYS & CULVERTS	BRIDGES VEHICLES STEEL	600	50
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ROADS	BRIDGES, SUBWAYS & CULVERTS	BRIDGES VEHICLES TIMBER	480	40
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ROADS	BRIDGES, SUBWAYS & CULVERTS	SUBWAYS	960	80
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ROADS	BRIDGES, SUBWAYS & CULVERTS	CULVERTS CONCRETE	720	60
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ROADS	BRIDGES, SUBWAYS & CULVERTS	CULVERTS ARCO	480	40
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ROADS	FOOTPATHS	FOOTPATHS CONCRETE	600	50

PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ROADS	FOOTPATHS	FOOTPATHS BRICKED	600	50
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ROADS	ROAD STRUCTURES	ROADS ASPHALT ARTERIAL	480	40
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ROADS	ROAD STRUCTURES	ROADS ASPHALT CHIP&SPRAY SURFACE	480	40
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ROADS	ROAD STRUCTURES	ROADS CONCRETE SURFACE	360	30
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ROADS	ROAD STRUCTURES	ROADS GRAVEL SURFACE IN-SITU	120	10
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ROADS	ROAD STRUCTURES	ROADS DIRT	36	3
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ROADS	ROAD STRUCTURES	ROADS BASE STRUCTURE	600	50
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ROADS	ROAD STRUCTURES	KERBING	600	50
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ROADS	ROAD STRUCTURES	ROADS CRASH BARRIERS ARMCO	360	30
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ROADS	ROAD STRUCTURES	STORM WATER CULVERTS	720	60
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ROADS	ROAD STRUCTURES	ROADS WEIGH BRIDGES	480	40
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ROADS	ROAD STRUCTURES	AIRPORT RUNWAYS & TAXI WAYS	600	50
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ROADS	TRAFFIC MANAGEMENT	ROAD SIGNS	60	5
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ROADS	TRAFFIC MANAGEMENT	STREET LIGHTS	480	40
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ROADS	TRAFFIC MANAGEMENT	MINI TRAFFIC CIRCLES	480	40
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ROADS	TRAFFIC MANAGEMENT	SPEED BUMPS	480	40
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ROADS	TRAFFIC MANAGEMENT	TRAFFIC LIGHTS	180	15
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ROADS	TRAFFIC MANAGEMENT	PARKING METERS	120	10
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ROADS	TRAFFIC MANAGEMENT	COMMUTER SHELTERS	120	10
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ROADS	TRAFFIC MANAGEMENT	STREET TREES	120	10
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	HV - NETWORK	AUXILIARIES & BATTERIES	540	45
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	HV - NETWORK	CIVILS	360	30
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	HV - NETWORK	CIVILS - BUILDINGS	600	50
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	HV - NETWORK	CIVILS - FENCING (PALISADE/MESH/BRICK)	120	10
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	HV - NETWORK	CIVILS - SITE ACCESS ROADS	180	15
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	HV - NETWORK	CIVILS - SITE LAND	0	0

PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	HV - NETWORK	CIVILS - SITE LIGHTING	180	15
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	HV - NETWORK	CIVILS - SITE PARKING	180	15
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	HV - NETWORK	CIVILS - BAYS : GRAVEL (PER BAY)	600	50
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	HV - NETWORK	CIVILS - BAYS : STREEL STUCTURES (PER BAY)	600	50
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	HV - NETWORK	CIVILS - BAYS : TRENCHING (PER BAY)	600	50
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	HV - NETWORK	CIVILS - GIS BAY	540	45
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	HV - NETWORK	CIVILS - TRANSFORMER BAY	540	45
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	HV - NETWORK	LINES - OVERHEAD LINES	480	40
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	HV - NETWORK	PROTECTION	120	10
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	HV - NETWORK	TRANSFORMERS	600	50
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	HV - NETWORK	NEC/NER AUXILIARY TRANFORMERS ETC	600	50
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	HV - NETWORK	UNDERGROUND CABLES	540	45
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	HV - SUB-STATION EQUIPMENT	FEEDER BAYS	540	45
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	HV - SUB-STATION EQUIPMENT	TRANSFORMER BAYS	540	45
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	HV - SUB-STATION EQUIPMENT	BUS COUPLERS	540	45
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	HV - SUB-STATION EQUIPMENT	BUSBARS	540	45
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	HV - SUB-STATION EQUIPMENT	BREAKERS	540	45
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	HV - SUB-STATION EQUIPMENT	CAPACITOR BANK	540	45
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	HV - SUB-STATION EQUIPMENT	CURRENT TRANSFORMERS	540	45
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	HV - SUB-STATION EQUIPMENT	EARTH SWITCHES	540	45
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	HV - SUB-STATION EQUIPMENT	ISOLATORS	540	45
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	HV - SUB-STATION EQUIPMENT	REACTORS	540	45
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	HV - SUB-STATION EQUIPMENT	SURGE ARRESTORS	540	45
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	HV - SUB-STATION EQUIPMENT	SVC	540	45
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	HV - SUB-STATION EQUIPMENT	VOLTAGE TRANSFORMERS	540	45
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	MV - NETWORK	CABLES (UNDERGROUND)	600	50



PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	MV - NETWORK	CIVILS	360	30
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	MV - NETWORK	CIVILS - BUILDINGS	600	50
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	MV - NETWORK	CIVILS - FENCING (PALISADE/MESH/BRICK)	120	10
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	MV - NETWORK	CIVILS - SITE ACCESS ROADS	180	15
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	MV - NETWORK	CIVILS - SITE LAND	0	0
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	MV - NETWORK	CIVILS - SITE LIGHTING	180	15
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	MV - NETWORK	CIVILS - SITE PARKING	180	15
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	MV - NETWORK	CIVILS - BAYS : GRAVEL (PER BAY)	600	50
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	MV - NETWORK	CIVILS - BAYS : STREEL STUCTURES (PER BAY)	600	50
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	MV - NETWORK	CIVILS - BAYS : TRENCHING (PER BAY)	600	50
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	MV - NETWORK	MINI SUB-STATION	480	40
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	MV - NETWORK	LINES - OVERHEAD LINES	480	40
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	MV - NETWORK	OVERHEAD LINE EQUIPMENT	540	45
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	MV - NETWORK	POLE MOUNTED TRANSFORMER SUB-STATIONS	480	40
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	MV - NETWORK	PROTECTION	120	10
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	MV - NETWORK	TRANSFORMERS - INDOOR	540	45
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	MV SUB-STATION EQUIPMENT	AUXILIRIES & BATTERIES	540	45
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	MV SUB-STATION EQUIPMENT	BUSBARS	540	45
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	MV SUB-STATION EQUIPMENT	BREAKERS	540	45
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	MV SUB-STATION EQUIPMENT	CAPACITOR BANK	540	45
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	MV SUB-STATION EQUIPMENT	CURRENT TRANSFORMERS	540	45
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	MV SUB-STATION EQUIPMENT	DISTRIBUTION BOARDS	540	45
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	MV SUB-STATION EQUIPMENT	EARTH SWITCH	540	45
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	MV SUB-STATION EQUIPMENT	FEEDERS	540	45
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	MV SUB-STATION EQUIPMENT	ISOLATORS	540	45
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	MV SUB-STATION EQUIPMENT	REACTORS	540	45

PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	MV SUB-STATION EQUIPMENT	SURGE ARRESTORS	540	45
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	MV SUB-STATION EQUIPMENT	SUB-STATION BUILDINGS	540	45
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	MV SUB-STATION EQUIPMENT	SVC	540	45
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	MV SUB-STATION EQUIPMENT	SWITCHGEAR	360	30
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	MV SUB-STATION EQUIPMENT	VOLTAGE TRANSFORMERS	540	45
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	LV - NETWORK	BOXES (DISTRIBUTION/POLE)	600	50
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	LV - NETWORK	CABLES (UNDERGROUND)	600	50
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	LV - NETWORK	HOUSE CONNECTIONS DISTRIBUTION / PILLAR BOXES	360	30
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	LV - NETWORK	LINES - OVERHEAD LINES	480	40
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	LV - NETWORK	CREDIT METERS	300	25
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	LV - NETWORK	PREPAID METERS	120	10
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	LV - NETWORK	PREPAID VENDING MACHINES	180	15
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	LV - NETWORK	SERVICE CONNECTORS	300	25
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	LV - NETWORK	HIGH MAST LIGHTS	120	10
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	LV - NETWORK	STREET LIGHTS	480	40
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	NETWORK MANAGEMENT	COMPUTER SOFTWARE	24	2
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	NETWORK MANAGEMENT	COMPUTER WORKSTATIONS	36	3
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	NETWORK MANAGEMENT	LOAD CONTROL EQUIPMENT	360	30
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	NETWORK MANAGEMENT	POWER QUALITY MONITORING	360	30
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	ELECTRICITY	NETWORK MANAGEMENT	TELEMETRY	120	10
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	NON RESIDENTIAL STRUCTURES	ELECTRICAL EQUIPMENT	180	15
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	NON RESIDENTIAL STRUCTURES	FACILITIES (FIELDS ETC)	300	25
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	NON RESIDENTIAL STRUCTURES	FENCING	120	10
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	DWELLINGS	RESIDENCE	300	25
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	DWELLINGS	CHILDREN'S HOMES	300	25
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	DWELLINGS	HOMES FOR THE AGED	300	25

PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	DWELLINGS	HOSTELS ROOMS	300	25
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	DWELLINGS	HOSTELS FLATS	300	25
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	DWELLINGS	MOBILE HOMES	60	5
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	DWELLINGS	PLACES OF SAFETY	300	25
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	DWELLINGS	PRISONS AND REHABILITATION FACILITIES	300	25
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	DWELLINGS	PERSONNEL RESIDENCES	300	25
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	DWELLINGS	SECURE CARE CENTRE	300	25
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	DWELLINGS	RECREATIONAL/HOLIDAY ACCOMMODATION	300	25
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	DWELLINGS	HOUSING SCHEMES: FLATS	300	25
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	DWELLINGS	HOUSING SCHEMES: HOUSES	300	25
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	NON RESIDENTIAL STRUCTURES	AIRPORTS AND ASSOCIATED BUILDINGS	300	25
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	NON RESIDENTIAL STRUCTURES	BUS TERMINALS	300	25
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	NON RESIDENTIAL STRUCTURES	CIVIC THEATERS	300	25
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	NON RESIDENTIAL STRUCTURES	CLINICS AND COOMUNITY HEALTH FACILITIES	300	25
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	NON RESIDENTIAL STRUCTURES	COMMUNITY CENTRES AND PUBLIC ENTERTAINMENY FACILITIES	300	25
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	NON RESIDENTIAL STRUCTURES	DRIVER AND VEHICLE TESTING STATIONS	300	25
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	NON RESIDENTIAL STRUCTURES	FIRE STATIONS	300	25
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	NON RESIDENTIAL STRUCTURES	INDUSTRIAL BUILDINGS/FACTORIES	300	25
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	NON RESIDENTIAL STRUCTURES	LABORATORIES	300	25
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	NON RESIDENTIAL STRUCTURES	LIBRARIES	300	25
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	NON RESIDENTIAL STRUCTURES	MORTUARIES	300	25
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	NON RESIDENTIAL STRUCTURES	MUSEUMS AND ART GALLERIES	300	25
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	NON RESIDENTIAL STRUCTURES	OFFICE BUILDINGS	300	25
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	NON RESIDENTIAL STRUCTURES	PUBLIC PARKING FACILITIES	180	15
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	NON RESIDENTIAL STRUCTURES	POLICE STATIONS AND ASSOCIATED BUILDINGS	300	25

PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	NON RESIDENTIAL STRUCTURES	RAILWAY AND ASSOCIATED BUILDINGS	300	25
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	NON RESIDENTIAL STRUCTURES	RESEARCH FACILITIES	300	25
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	NON RESIDENTIAL STRUCTURES	STADIUMS	300	25
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	NON RESIDENTIAL STRUCTURES	TAXI RANKS	180	15
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	NON RESIDENTIAL STRUCTURES	EDUCATIONAL FACILITIES	300	25
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	NON RESIDENTIAL STRUCTURES	WAREHOUSE	300	25
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	NON RESIDENTIAL STRUCTURES	SPORT AND RECREATIONAL FACILITIES	300	25
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	NON RESIDENTIAL STRUCTURES	ABLUTION/PUBLIC FACILITIES	300	25
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	NON RESIDENTIAL STRUCTURES	CAR PORTS	120	10
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	NON RESIDENTIAL STRUCTURES	WORKSHOPS AND STORE ROOMS	300	25
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	NON RESIDENTIAL STRUCTURES	MARKETS/SHOPS	300	25
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	NON RESIDENTIAL STRUCTURES	NURSERIES	300	25
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	NON RESIDENTIAL STRUCTURES	CHEMICAL STORAGE ROOMS	600	50
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	NON RESIDENTIAL STRUCTURES	GUARD STATIONS	360	30
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	BUILDINGS	NON RESIDENTIAL STRUCTURES	ANIMAL CARE CENTRES	300	25
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	LAND	MUNICIPAL LAND	DEVELOPED LAND	0	0
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	LAND	MUNICIPAL LAND	UNDEVELOPED LAND	0	0
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	SOLID WASTE	COLLECTION	COLLECTION VEHICLES	120	10
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	SOLID WASTE	COLLECTION	BINS	240	20
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	SOLID WASTE	COLLECTION	COMMUNITY BINS	240	20
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	SOLID WASTE	COLLECTION	SKIPS	240	20
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	SOLID WASTE	LANDFILL SITES	CIVILS - SITE LAND	0	0
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	SOLID WASTE	LANDFILL SITES	CIVILS - SITE LIGHTING	180	15
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	SOLID WASTE	LANDFILL SITES	CIVILS - SITE PARKING	180	15
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	SOLID WASTE	TRANSFER STATIONS	CIVILS - SITE LAND	0	0
PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	SOLID WASTE	TRANSFER STATIONS	CIVILS - SITE LIGHTING	180	15

PROPERTY, PLANT AND EQUIPMENT	INFRASTRUCTURE ASSETS	SOLID WASTE	TRANSFER STATIONS	CIVILS - SITE PARKING	180	15
PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS	LAND	CEMETARY	CEMETARY	0	0
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	EMERGENCY EQUIPMENT	EMERGENCY / RESCUE EQUIPMENT	BOOTS FIRE / RESCUE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	EMERGENCY EQUIPMENT	EMERGENCY / RESCUE EQUIPMENT	FIRST AID KIT	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	EMERGENCY EQUIPMENT	EMERGENCY / RESCUE EQUIPMENT	JAWS OF LIFE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	EMERGENCY EQUIPMENT	EMERGENCY / RESCUE EQUIPMENT	MACHINE BLOOD PRESSURE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	EMERGENCY EQUIPMENT	EMERGENCY / RESCUE EQUIPMENT	MEDICAL SUCTION PUMP	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	EMERGENCY EQUIPMENT	EMERGENCY / RESCUE EQUIPMENT	MEDICINE CABINET	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	EMERGENCY EQUIPMENT	EMERGENCY / RESCUE EQUIPMENT	OXYGEN TANK	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	EMERGENCY EQUIPMENT	EMERGENCY / RESCUE EQUIPMENT	SCOOPER BOARD	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	EMERGENCY EQUIPMENT	EMERGENCY / RESCUE EQUIPMENT	SELF CONTAINED BREATHING APPARATUS	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	EMERGENCY EQUIPMENT	EMERGENCY / RESCUE EQUIPMENT	SPINE BOARD	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	EMERGENCY EQUIPMENT	EMERGENCY / RESCUE EQUIPMENT	STRETCHER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	EMERGENCY EQUIPMENT	EMERGENCY / RESCUE EQUIPMENT	TRAINING DOLL	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	EMERGENCY EQUIPMENT	FIRE FIGHTING EQUIPMENT	EXTINGUISHER FIRE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	EMERGENCY EQUIPMENT	FIRE FIGHTING EQUIPMENT	HOSE FIRE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	DOMESTIC / HOSTEL FURNITURE	BED BASE DOUBLE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	DOMESTIC / HOSTEL FURNITURE	BED BASE SINGLE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	DOMESTIC / HOSTEL FURNITURE	BED MATTRESS - DOUBLE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	DOMESTIC / HOSTEL FURNITURE	BED MATTRESS - SINGLE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	DOMESTIC / HOSTEL FURNITURE	BED STEEL - DOUBLE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	DOMESTIC / HOSTEL FURNITURE	BED STEEL - SINGLE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	DOMESTIC / HOSTEL FURNITURE	BED STEEL - STACKABLE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	DOMESTIC / HOSTEL FURNITURE	BED WOOD - DOUBLE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	DOMESTIC / HOSTEL FURNITURE	BED WOOD - SINGLE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	DOMESTIC / HOSTEL FURNITURE	BED WOOD - STACKABLE	60	5

PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	DOMESTIC / HOSTEL FURNITURE	HEADBOARD - STEEL	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	DOMESTIC / HOSTEL FURNITURE	HEADBOARD - WOOD	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	DOMESTIC / HOSTEL FURNITURE	HEADBOARD - OTHER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CABINETS AND CUPBOARDS	CABINET CARDEX	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CABINETS AND CUPBOARDS	CABINET BOOKS	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CABINETS AND CUPBOARDS	CABINET BROCHURES	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CABINETS AND CUPBOARDS	CABINET DISPLAY	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CABINETS AND CUPBOARDS	CABINET FILING 3 DRAWER - STEEL	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CABINETS AND CUPBOARDS	CABINET FILING 3 DRAWER - WOOD	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CABINETS AND CUPBOARDS	CABINET FILING 4 DRAWER - STEEL	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CABINETS AND CUPBOARDS	CABINET FILING 4 DRAWER - WOOD	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CABINETS AND CUPBOARDS	CABINET HUB	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CABINETS AND CUPBOARDS	CABINET KEYS	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CABINETS AND CUPBOARDS	CABINET OTHER	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CABINETS AND CUPBOARDS	CABINET PLANS/MAPS	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CABINETS AND CUPBOARDS	CABINET SERVER	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CABINETS AND CUPBOARDS	CABINET STATIONERY	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CABINETS AND CUPBOARDS	CHEST OF DRAWERS	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CABINETS AND CUPBOARDS	CREDENZA	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CABINETS AND CUPBOARDS	CUPBOARD SINGLE DOOR - STEEL	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CABINETS AND CUPBOARDS	CUPBOARD SINGLE DOOR - WOOD	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CABINETS AND CUPBOARDS	CUPBOARD TWO DOOR - STEEL	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CABINETS AND CUPBOARDS	CUPBOARD TWO DOOR - WOOD	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CABINETS AND CUPBOARDS	LOCKER	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CABINETS AND CUPBOARDS	PEDENZA	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CABINETS AND CUPBOARDS	PEDESTAL	84	7

PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CABINETS AND CUPBOARDS	PODIUM	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CABINETS AND CUPBOARDS	WALL UNIT	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CHAIRS AND COUCHES	CANE	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CHAIRS AND COUCHES	BENCH - STEEL	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CHAIRS AND COUCHES	BENCH - STONE	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CHAIRS AND COUCHES	BENCH - WOOD	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CHAIRS AND COUCHES	COUCH - LEATHER	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CHAIRS AND COUCHES	COUCH - MATERIAL	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CHAIRS AND COUCHES	HIGH BACK - LEATHER - ARM REST	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CHAIRS AND COUCHES	HIGH BACK - LEATHER - NO ARM REST	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CHAIRS AND COUCHES	HIGH BACK - MATERIAL - ARM REST	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CHAIRS AND COUCHES	HIGH BACK - MATERIAL - NO ARM REST	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CHAIRS AND COUCHES	KITCHEN - STEEL	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CHAIRS AND COUCHES	KITCHEN - WOOD	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CHAIRS AND COUCHES	LOW BACK - LEATHER - ARM REST	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CHAIRS AND COUCHES	LOW BACK - LEATHER - NO ARM REST	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CHAIRS AND COUCHES	LOW BACK - MATERIAL - ARM REST	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CHAIRS AND COUCHES	LOW BACK - MATERIAL - NO ARM REST	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CHAIRS AND COUCHES	MOUNTED	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CHAIRS AND COUCHES	STACKABLE - PLASTIC	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CHAIRS AND COUCHES	STACKABLE - STEEL	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CHAIRS AND COUCHES	SWIVEL - HIGH BACK - LEATHER NO ARM REST	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CHAIRS AND COUCHES	SWIVEL - HIGH BACK - LEATHER WITH ARM REST	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CHAIRS AND COUCHES	SWIVEL - HIGH BACK - MATERIAL NO ARM REST	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CHAIRS AND COUCHES	SWIVEL - HIGH BACK - MATERIAL WITH ARM REST	84	7

PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CHAIRS AND COUCHES	SWIVEL - LOW BACK - LEATHER NO ARM REST	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CHAIRS AND COUCHES	SWIVEL - LOW BACK - LEATHER WITH ARM REST	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CHAIRS AND COUCHES	SWIVEL - LOW BACK - MATERIAL NO ARM REST	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CHAIRS AND COUCHES	SWIVEL - LOW BACK - MATERIAL WITH ARM REST	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CHAIRS AND COUCHES	TYPIST	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	CHAIRS AND COUCHES	VISITOR	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	SHELVING AND BOOKCASES	BOOK CASE - WOOD	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	SHELVING AND BOOKCASES	BOOK CASE - STEEL	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	SHELVING AND BOOKCASES	MAGAZINE HOLDER	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	TABLES AND DESKS	DESK - COUNTER	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	TABLES AND DESKS	DESK - 2 DRAWER STEEL	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	TABLES AND DESKS	DESK - 2 DRAWER WOOD	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	TABLES AND DESKS	DESK - 3 DRAWER STEEL	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	TABLES AND DESKS	DESK - 3 DRAWER WOOD	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	TABLES AND DESKS	DESK - 4 DRAWER STEEL	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	TABLES AND DESKS	DESK - 4 DRAWER WOOD	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	TABLES AND DESKS	DESK - EXTENSION	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	TABLES AND DESKS	DESK - L SHAPE	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	TABLES AND DESKS	DESK - RECEPTION	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	TABLES AND DESKS	STAND COMPUTER - STEEL	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	TABLES AND DESKS	STAND COMPUTER - WOOD	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	TABLES AND DESKS	TABLE BED SIDE	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	TABLES AND DESKS	TABLE BOARD ROOM	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	TABLES AND DESKS	TABLE CANE	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	TABLES AND DESKS	TABLE COFFEE - CANE	84	7



PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	TABLES AND DESKS	TABLE COFFEE - WOOD	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	TABLES AND DESKS	TABLE FOLDABLE - STEEL	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	TABLES AND DESKS	TABLE FOLDABLE - WOOD	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	TABLES AND DESKS	TABLE KITCHEN - STEEL	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	TABLES AND DESKS	TABLE KITCHEN- WOOD	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	TABLES AND DESKS	TABLE OTHER	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	OTHER FURNITURE AND FITTINGS	BED SIDE LAMP	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	OTHER FURNITURE AND FITTINGS	BIN - DISPOSAL HYGIENE TOWEL	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	OTHER FURNITURE AND FITTINGS	BIN - PLASTIC	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	OTHER FURNITURE AND FITTINGS	BIN - STEEL	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	OTHER FURNITURE AND FITTINGS	BIN - WOOD	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	OTHER FURNITURE AND FITTINGS	BOARD - DISPLAY	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	OTHER FURNITURE AND FITTINGS	BOARD - IN/OUT	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	OTHER FURNITURE AND FITTINGS	BOARD - NOTICE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	OTHER FURNITURE AND FITTINGS	BOARD - PIN	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	OTHER FURNITURE AND FITTINGS	BOARD - WRITING BLACK	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	OTHER FURNITURE AND FITTINGS	BOARD - WRITING GREEN	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	OTHER FURNITURE AND FITTINGS	BOARD - WRITING WHITE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	OTHER FURNITURE AND FITTINGS	BOX - SUGGESTION	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	OTHER FURNITURE AND FITTINGS	BOX - TENDER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	OTHER FURNITURE AND FITTINGS	BLINDS	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	OTHER FURNITURE AND FITTINGS	CARPET	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	OTHER FURNITURE AND FITTINGS	HAND DRYER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	OTHER FURNITURE AND FITTINGS	DISPENSER HYGIENE TOWELS	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	OTHER FURNITURE AND FITTINGS	DISPENSER PAPER TOWELS	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	OTHER FURNITURE AND FITTINGS	DISPENSER SOAP	60	5

PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	OTHER FURNITURE AND FITTINGS	DISPENSER WATER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	OTHER FURNITURE AND FITTINGS	DRAWING BOARD	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	OTHER FURNITURE AND FITTINGS	FLIP CHART	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	OTHER FURNITURE AND FITTINGS	LADDER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	OTHER FURNITURE AND FITTINGS	PICTURE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	OTHER FURNITURE AND FITTINGS	POST BOX	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	OTHER FURNITURE AND FITTINGS	SCALE BATHROOM	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	OTHER FURNITURE AND FITTINGS	SCREEN	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	OTHER FURNITURE AND FITTINGS	STAND - HAT AND COAT	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	OTHER FURNITURE AND FITTINGS	STEP - STEEL	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	OTHER FURNITURE AND FITTINGS	STEP - WOODEN	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	OTHER FURNITURE AND FITTINGS	SUIT CASE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	OTHER FURNITURE AND FITTINGS	TROLLEY - STEEL	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	OTHER FURNITURE AND FITTINGS	TROLLEY - WOOD	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	FURNITURE AND FITTINGS	OTHER FURNITURE AND FITTINGS	WORK STATION DIVIDER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	EMERGENCY VEHICLES	AMBULANCE & CLINIC VAN	120	10
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	EMERGENCY VEHICLES	EMERGENCY RESPONSE / RESCUE VEHICLE	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	EMERGENCY VEHICLES	FIRE ENGINE	180	15
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	AIRCRAFT	AIRCRAFT	180	15
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	BICYCLES AND MOTORCYCLES	BICYCLE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	BICYCLES AND MOTORCYCLES	MOTOR CYCLE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	BICYCLES AND MOTORCYCLES	QUAD BIKE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	PASSENGER VEHICLES	SUV	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	PASSENGER VEHICLES	VEHICLE SEDAN / HATCH	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	TRAILERS AND ACCESSORIES	FIXED SIDES	120	10
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	TRAILERS AND ACCESSORIES	FLAT BED	120	10

PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	TRAILERS AND ACCESSORIES	FRAME SIDES	120	10
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	TRAILERS AND ACCESSORIES	PASSENGER TRAILER	120	10
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	TRAILERS AND ACCESSORIES	PESTICIDE TRAILER	120	10
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	TRAILERS AND ACCESSORIES	TRAILER BULK	120	10
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	TRAILERS AND ACCESSORIES	TRAILER CABLE	120	10
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	TRAILERS AND ACCESSORIES	TRAILER CARGO	120	10
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	TRAILERS AND ACCESSORIES	TRAILER COMPRESSOR	120	10
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	TRAILERS AND ACCESSORIES	TRAILER ELECTRICITY	120	10
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	TRAILERS AND ACCESSORIES	TRAILER FIRE FIGHTING	120	10
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	TRAILERS AND ACCESSORIES	TRAILER FIRE FIGHTING	120	10
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	TRAILERS AND ACCESSORIES	TRAILER HI PRESSURE DRAIN CLEANING	120	10
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	TRAILERS AND ACCESSORIES	TRAILER MIXER TAR	120	10
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	TRAILERS AND ACCESSORIES	TRAILER REFUGE	120	10
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	TRAILERS AND ACCESSORIES	TRAILER ROAD BLOCK	120	10
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	TRAILERS AND ACCESSORIES	TRAILER SEWERAGE	120	10
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	TRAILERS AND ACCESSORIES	TRAILER SPRAY TAR	120	10
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	TRAILERS AND ACCESSORIES	TRAILER STONE SPREADER	120	10
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	TRAILERS AND ACCESSORIES	TRAILER TIPPER	120	10
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	TRAILERS AND ACCESSORIES	TRAILER TRACTOR	120	10
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	TRAILERS AND ACCESSORIES	TRAILER WATER	120	10
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	LDVS AND 4X4S	4X4	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	LDVS AND 4X4S	LDV	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	LDVS AND 4X4S	CANOPY	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	TRUCKS, BUSES AND LDV'S	BUS	180	15
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	TRUCKS, BUSES AND LDV'S	TRUCK	180	15
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	TRUCKS, BUSES AND LDV'S	TRUCK WATER	180	15

PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	TRUCKS, BUSES AND LDV'S	TRUCK CHERRY PICKER	180	15
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	TRUCKS, BUSES AND LDV'S	TRUCK ELECTRICITY	180	15
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	TRUCKS, BUSES AND LDV'S	TRUCK REFUSE REMOVAL	180	15
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	TRUCKS, BUSES AND LDV'S	TRUCK WATER TANKER 6000L VACUUM TANK	180	15
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	TRACTORS	TRACTOR	180	15
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	SPECIALISED VEHICLES	CHIPPER	180	15
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	SPECIALISED VEHICLES	FORKLIFT	180	15
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	SPECIALISED VEHICLES	MOBILE CLINIC	120	10
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	SPECIALISED VEHICLES	MOBILE LIBRARY	120	10
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	SPECIALISED VEHICLES	POUND VEHICLE	120	10
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	SPECIALISED VEHICLES	WATERCRAFT - BOAT	120	10
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	SPECIALISED VEHICLES	WATERCRAFT - INFLATABLE BOAT	120	10
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	AIR CONDITIONERS	AIR CONDITIONER	48	4
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	COMPUTER HARDWARE	CARD PROGRAMMER	48	4
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	COMPUTER HARDWARE	COMPUTER DESKTOP CPU	48	4
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	COMPUTER HARDWARE	COMPUTER LAPTOP	48	4
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	COMPUTER HARDWARE	DVD WRITER	48	4
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	COMPUTER HARDWARE	FLASH DRIVE USB	48	4
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	COMPUTER HARDWARE	HARD DRIVE	48	4
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	COMPUTER HARDWARE	MODEM	48	4
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	COMPUTER HARDWARE	MONITOR - CRT	48	4
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	COMPUTER HARDWARE	MONITOR - FLAT SCREEN	48	4
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	COMPUTER HARDWARE	PORT MINI	48	4
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	COMPUTER HARDWARE	PRINTER	48	4
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	COMPUTER HARDWARE	PRINTER FAX COMBO	48	4
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	COMPUTER HARDWARE	PRINTER PLANS	48	4

PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	COMPUTER HARDWARE	PRINTER PLOTTER	48	4
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	COMPUTER HARDWARE	PRINTER SERVER	48	4
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	COMPUTER HARDWARE	SCANNER BAR CODES	48	4
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	COMPUTER HARDWARE	SCANNER FLAT BED	48	4
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	COMPUTER HARDWARE	SERVER	48	4
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	COMPUTER HARDWARE	STIFFY DRIVE USB	48	4
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	COMPUTER HARDWARE	SWITCH	48	4
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	COMPUTER HARDWARE	UPS	48	4
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	DOMESTIC EQUIPMENT	BAIN MARIE	48	4
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	DOMESTIC EQUIPMENT	CLEANER CARPET	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	DOMESTIC EQUIPMENT	CLEANER VACUUM	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	DOMESTIC EQUIPMENT	FAN MOBILE STAND	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	DOMESTIC EQUIPMENT	FAN MOBILE TABLE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	DOMESTIC EQUIPMENT	FREEZER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	DOMESTIC EQUIPMENT	HEATER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	DOMESTIC EQUIPMENT	HOT TRAY FOOD	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	DOMESTIC EQUIPMENT	HOTPLATE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	DOMESTIC EQUIPMENT	OVEN MICROWAVE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	DOMESTIC EQUIPMENT	POLISHER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	DOMESTIC EQUIPMENT	REFRIGERATOR	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	DOMESTIC EQUIPMENT	STOVE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	DOMESTIC EQUIPMENT	URN	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	DOMESTIC EQUIPMENT	WALL CLOCK	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	DOMESTIC EQUIPMENT	WASHING MACHINE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	AUDIOVISUAL EQUIPMENT	AMPLIFIER AUDIO	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	AUDIOVISUAL EQUIPMENT	CCTV CAMERA	60	5

PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	AUDIOVISUAL EQUIPMENT	DVD PLAYER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	AUDIOVISUAL EQUIPMENT	MEGA PHONE HAND HELD	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	AUDIOVISUAL EQUIPMENT	MICROPHONE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	AUDIOVISUAL EQUIPMENT	MICROPHONE CONFERENCE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	AUDIOVISUAL EQUIPMENT	MICROPHONE/SPEAKER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	AUDIOVISUAL EQUIPMENT	PUBLIC ADDRESS SYSTEM	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	AUDIOVISUAL EQUIPMENT	RECEIVER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	AUDIOVISUAL EQUIPMENT	RECORDER AUDIO	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	AUDIOVISUAL EQUIPMENT	RECORDER VIDEO	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	AUDIOVISUAL EQUIPMENT	SOUND SYSTEM	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	AUDIOVISUAL EQUIPMENT	SPEAKER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	AUDIOVISUAL EQUIPMENT	TELEVISION	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	AUDIOVISUAL EQUIPMENT	TELEVISION - DVD COMBO	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	AUDIOVISUAL EQUIPMENT	TELEVISION- VCR COMBO	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	AUDIOVISUAL EQUIPMENT	TRIPOD - CAMERA	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	AUDIOVISUAL EQUIPMENT	TRIPOD - MICROPHONE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	AUDIOVISUAL EQUIPMENT	TRIPOD - SPEAKERS	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	MUSIC INSTRUMENTS	PIANO	180	15
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	OFFICE EQUIPMENT / MACHINES	PHOTO COPIER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	OFFICE EQUIPMENT / MACHINES	BINDING MACHINE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	OFFICE EQUIPMENT / MACHINES	CALCULATOR	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	OFFICE EQUIPMENT / MACHINES	CARD PROGRAMMER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	OFFICE EQUIPMENT / MACHINES	CARD READER & PRINTING MACHINE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	OFFICE EQUIPMENT / MACHINES	CASH COUNTER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	OFFICE EQUIPMENT / MACHINES	CUTTER - MAP	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	OFFICE EQUIPMENT / MACHINES	FAX MACHINE	60	5

PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	OFFICE EQUIPMENT / MACHINES	FRANKING MACHINE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	OFFICE EQUIPMENT / MACHINES	GUILLOTINE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	OFFICE EQUIPMENT / MACHINES	LAMINATOR	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	OFFICE EQUIPMENT / MACHINES	OVERHEAD PROJECTOR	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	OFFICE EQUIPMENT / MACHINES	PROJECTOR - DIGITAL	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	OFFICE EQUIPMENT / MACHINES	SHREDDER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	OFFICE EQUIPMENT / MACHINES	TELEPHONE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	OFFICE EQUIPMENT / MACHINES	TELEPHONE CORDLESS	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	OFFICE EQUIPMENT / MACHINES	TYPE WRITER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	OTHER OFFICE EQUIPMENT	CORD EXTENSION	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	OTHER OFFICE EQUIPMENT	SAFE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	OTHER OFFICE EQUIPMENT	SAFE BUILT-IN	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	OFFICE EQUIPMENT	OTHER OFFICE EQUIPMENT	SAFE MOBILE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	CLINIC / HOSPITAL EQUIPMENT	MACHINE BLOOD PRESSURE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	CLINIC / HOSPITAL EQUIPMENT	MEDICAL SUCTION PUMP	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	CLINIC / HOSPITAL EQUIPMENT	CABINET MEDICINE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	CLINIC / HOSPITAL EQUIPMENT	X-RAY LIGHT	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	CLINIC / HOSPITAL EQUIPMENT	WHEELCHAIR	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	CLINIC / HOSPITAL FURNITURE	BED - EXAMINATION	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	CLINIC / HOSPITAL FURNITURE	CABINET BEDSIDE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	CLINIC / HOSPITAL FURNITURE	CURTAIN SCREEN	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	COMPRESSORS, GENERATORS AND ALLIED EQUIPMENT	COMPRESSOR	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	COMPRESSORS, GENERATORS AND ALLIED EQUIPMENT	GENERATOR	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	COMPRESSORS, GENERATORS AND ALLIED EQUIPMENT	GENERATOR SET	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	COMPRESSORS, GENERATORS AND ALLIED EQUIPMENT	HYDRAULIC GENERATOR	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	COMPRESSORS, GENERATORS AND ALLIED EQUIPMENT	HYDROJET PUMP GENERATOR	84	7

PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	COMPRESSORS, GENERATORS AND ALLIED EQUIPMENT	PUMP GENERATOR	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	COMPRESSORS, GENERATORS AND ALLIED EQUIPMENT	SPRAY PAINT GENERATOR	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	SPORT AND RECREATIONAL EQUIPMENT	SCRUM MACHINE	120	10
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	ANGLE GRINDER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	ANVIL	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	BEARING HEATER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	BENCH - WELDING	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	BENCH - WOODWORK	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	BENCH SAW	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	BENCH WORK OR WITH VICE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	BRAKE TESTER WITH ROLLERS	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	BUFFING MACHINE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	CHAIN	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	CHAIN HOIST	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	CIRCULAR SAW	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	CUTTING TORCH	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	DRILL PEDESTAL	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	DRILL PRESS	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	DRILL SET	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	DYNO METER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	ELECTRIC ROUTER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	ELECTRIC WINCH	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	ELECTRICAL SAW	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	FLARING TOOL	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	FLOOR DRILL PRESS	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	FORCEPS	60	5



PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	FREQUENCY METER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	GANTRY	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	GEARBOX JACK	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	GREASE GUN	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	GREASE PUMP	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	GRINDER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	GRINDER ANGLE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	GRINDER BENCH	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	HACKSAW	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	HAMMER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	HAND WINCH	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	HEAT GUN	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	HEATER STEAM APPARATUS	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	HEAVY DUTY DRILL PRESS	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	HELMET	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	HIGH PRESSURE CLEANER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	HIGH PRESSURE WASH	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	HIGH VOLTAGE INSULATION TESTER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	HOIST CHAIN	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	HOIST ELECTRIC	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	HOIST MACHINE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	HOIST MACHINE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	HOIST TWO POST	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	HOLDER FILTER GLASS	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	HONING TOOL LARGE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	HONING TOOL SMALL	60	5

PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	HYDRAULIC JACK	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	HYDRAULIC LIFT	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	HYDRAULIC PIPES	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	HYDROLIC CRANE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	INSULATION TESTER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	JACK	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	JACK HYDROLIC	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	JACK HAMMER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	JACK TROLLEY	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	JOINTER SAW	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	JUMP STARTER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	LATHE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	LEVEL READER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	LOOP TESTER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	MACHINE DRILL	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	PIPE CUTTER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	POWER PLANER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	RADIAL ARM SAW	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	ROUTER - WOODWORK	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	TABLE SAW	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	TESTER - ELECTRICAL METER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	TESTER ANALYSER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	TESTER BATTERY CAR	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	TESTER BRAKES CAR	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	TESTER INJECTOR	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	TOOL BOX	60	5

PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	VICE GRIP	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	WATER BOILER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	WATER PRESSURE MACHINE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	WATER PUMP MACHINE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	WATTS METER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	WELDER ELECTRICAL	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	WELDER HELMET	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	WELDER OIL	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	WELDING AND CUTTING OUTFIT	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	WELDING SCREEN	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	WOOD DRILL	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	WORKSHOP EQUIPMENT AND TOOLS	WRENCH	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	LABORATORY EQUIPMENT	CHLORINE TESTER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	LABORATORY EQUIPMENT	CHLOROFLOW METER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	LABORATORY EQUIPMENT	COLORIMETER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	LABORATORY EQUIPMENT	LITTER TESTER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	LABORATORY EQUIPMENT	TURBIDIMETER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	LABORATORY EQUIPMENT	WATER TESTER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	LABORATORY EQUIPMENT	WATER TESTER - TREATMENT KIT	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	GARDENING EQUIPMENT	BRUSH CUTTER	48	4
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	GARDENING EQUIPMENT	BUSH MOWER	48	4
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	GARDENING EQUIPMENT	COMPOST SHREDDER	48	4
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	GARDENING EQUIPMENT	FERTILIZER MACHINE	48	4
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	GARDENING EQUIPMENT	FERTILIZER SPREADER	48	4
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	GARDENING EQUIPMENT	GARDEN HOSE PIPE	48	4
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	GARDENING EQUIPMENT	GRASS CUTTER	48	4

PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	GARDENING EQUIPMENT	GRASS MULCHER	48	4
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	GARDENING EQUIPMENT	HEDGE TRIMMER	48	4
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	GARDENING EQUIPMENT	LAWNMOWER PUSH	48	4
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	GARDENING EQUIPMENT	LAWNMOWER - SIT-ON	48	4
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	GARDENING EQUIPMENT	LEAF BLOWER	48	4
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	GARDENING EQUIPMENT	WEEDEATER	48	4
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	FARM EQUIPMENT	BALERS	180	15
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	FARM EQUIPMENT	COMBINE	180	15
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	MOTOR VEHICLES	FARM EQUIPMENT	PLOUGH	180	15
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	RADIO EQUIPMENT	BASE RADIO	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	RADIO EQUIPMENT	RADIO 2 WAY	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	RADIO EQUIPMENT	RADIO 2 WAY CHARGER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	RADIO EQUIPMENT	TELECOMMUNICATION SYSTEMS	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	EARTHMOVING EQUIPMENT	DIGGER	180	15
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	EARTHMOVING EQUIPMENT	DUMPER	180	15
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	EARTHMOVING EQUIPMENT	EXCAVATOR	180	15
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	EARTHMOVING EQUIPMENT	FRONT END LOADER	180	15
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	EARTHMOVING EQUIPMENT	GRADER	180	15
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	LAW ENFORCEMENT EQUIPMENT	BATTERY SPEED CAMERA	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	LAW ENFORCEMENT EQUIPMENT	BATTERY CHARGER SPEED CAMERA	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	LAW ENFORCEMENT EQUIPMENT	BEACON LIGHT	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	LAW ENFORCEMENT EQUIPMENT	CLEANING SET - FIRE ARM	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	LAW ENFORCEMENT EQUIPMENT	FIRE ARM	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	LAW ENFORCEMENT EQUIPMENT	PARKING METER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	LAW ENFORCEMENT EQUIPMENT	RADIODETECTOR	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	LAW ENFORCEMENT EQUIPMENT	ROAD WORTHY MACHINE - MOBILE	60	5

PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	LAW ENFORCEMENT EQUIPMENT	SIREN UNIT	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	LAW ENFORCEMENT EQUIPMENT	SOUND LEVEL METER	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	LAW ENFORCEMENT EQUIPMENT	SPEED CAMERA	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	LAW ENFORCEMENT EQUIPMENT	TESTER MOTORCYCLE BALANCE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	LAW ENFORCEMENT EQUIPMENT	VEHICLE TRACKING DEVICE	60	5
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	220L DRUM	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	ACETELENE GAS	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	BATTERY LOAD TESTER	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	BATTERY PACKS	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	BINOCULARS	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	BLADE SHARPENER	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	BLOCKAGE MACHINE	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	BLOWER	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	BOOSTER PUMP	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	BOOSTER STATION	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	BOOTH POLLING	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	BRICK MAKER	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	BUS COUPLER	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	CABLE CARRIER	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	CABLE CUTTER	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	CABLE DETECTOR	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	CABLE FALL TESTER	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	CABLE GUN	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	CABLE JACK	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	CABLE LOCATOR	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	CABLE SHED	84	7

PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	CABLE TROLLEY	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	CALIBRATION TESTER	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	CEMENT BREAKER	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	CHAINSAW	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	CHAINSAW SHARPENER	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	CHARGER	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	CHARGER COMPUTERISED METER READER	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	CHEMICAL SPRAYER	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	CHIPPER	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	CHLORINATOR	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	CLAMP	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	CLEAN FLOW MACHINE	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	CLEANER PRESSURE	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	CLIP TESTER	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	CLOCK SYSTEM	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	COMPACTOR	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	COMPACTOR CONVEYER	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	CONCRETE MIXER	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	CONSTANT PRESSURE TANK	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	CONVEYOR	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	CORD EXTENSION	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	CREMATORS	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	CUTTING MACHINE	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	DRIP STAND	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	DUMPY LEVEL	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	DUST BLOWER	84	7

PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	EARTH PROTECTION	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	EARTH RESISTANT METER	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	EARTHING TESTER	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	ELEVATOR SYSTEM	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	FARM SCALE	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	FEEDER	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	FERROMAGNETIC LOCATOR	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	FILTER	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	GPS NAVIGATION SYSTEM	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	IRRIGATION EQUIPMENT / SYSTEM	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	LADDER ALUMINIUM	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	LADDER EXTENSION	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	LIGHT CONTROLLER	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	MACHINE AIRBLOWER	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	MACHINE BATTERY CHARGER	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	MACHINE BRIDGE DRIVE	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	MACHINE CUTTER	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	MACHINE CUTTER CONCRETE	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	MACHINE HYDRAULIC	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	MACHINE LIFTING	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	MACHINE POKER	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	MACHINE PUMP	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	MACHINE SUMP PUMP	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	METAL DETECTOR	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	MILLING EQUIPMENT	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	MIXER CONCRETE	84	7

PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	MOBI ENGINE JACK	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	MOBILE WATER PUMP	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	OIL DISPENSER - 220 L	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	OIL PUMP - ELECTRIC	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	OIL PUMP - MANUAL	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	OXYGEN GAS	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	PAVING PAN	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	PHASING STICKS	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	PRESSURE SPRAY	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	PROTECTION SET	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	PROXIMITY DETECTOR	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	PULVERISING MILL	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	PULVERISING MILL	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	PUMP DRAINING	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	PUMP WATER	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	RAY LIGHT	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	ROLLER - CRICKET PITCH	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	ROLLER SURFACE	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	ROLLING MACHINE	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	SCALE - PLATFORM	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	SCALE - VEHICLE	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	SOCKET TESTER	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	SPRAY TAR	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	STREET BRUSH	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	TEMP METER	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	TESTER - VEHICLE LIGHT	84	7



PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	THEODOLITE	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	TOILET PAPER MAKER	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	TROLLEY GAS CYLINDER	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	VEHICLE LIGHT	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	WHEEL MEASURE	84	7
PROPERTY, PLANT AND EQUIPMENT	OTHER ASSETS	PLANT AND EQUIPMENT	PLANT AND EQUIPMENT - OTHER	WHEELBARROW	84	7
INTANGIBLE ASSETS	INTANGIBLE ASSETS	INTANGIBLE ASSETS	COMPUTER SOFTWARE	MS OFFICE PROFESSIONAL 2007	36	3
INTANGIBLE ASSETS	INTANGIBLE ASSETS	INTANGIBLE ASSETS	COMPUTER SOFTWARE	MS OFFICE 2007 BASIC EDITION	36	3
INTANGIBLE ASSETS	INTANGIBLE ASSETS	INTANGIBLE ASSETS	COMPUTER SOFTWARE	MS OFFICE 2007 SMALL BUSINESS EDITION	36	3
INTANGIBLE ASSETS	INTANGIBLE ASSETS	INTANGIBLE ASSETS	COMPUTER SOFTWARE	MS OFFICE 2007 HOME & STUDENT EDITION	36	3
INTANGIBLE ASSETS	INTANGIBLE ASSETS	INTANGIBLE ASSETS	COMPUTER SOFTWARE	MS OFFICE 2010	36	3
INTANGIBLE ASSETS	INTANGIBLE ASSETS	INTANGIBLE ASSETS	COMPUTER SOFTWARE	ADOBE ACROBAT	36	3
INTANGIBLE ASSETS	INTANGIBLE ASSETS	INTANGIBLE ASSETS	COMPUTER SOFTWARE	NORTON ANTIVIRUS	36	3
INTANGIBLE ASSETS	INTANGIBLE ASSETS	INTANGIBLE ASSETS	COMPUTER SOFTWARE	MCAFFEE ANTIVIRUS	36	3
INTANGIBLE ASSETS	INTANGIBLE ASSETS	INTANGIBLE ASSETS	COMPUTER SOFTWARE	KASPERSKY ANTIVIRUS	36	3
INTANGIBLE ASSETS	INTANGIBLE ASSETS	INTANGIBLE ASSETS	COMPUTER SOFTWARE	LICENCE	0	0
INTANGIBLE ASSETS	INTANGIBLE ASSETS	INTANGIBLE ASSETS	SYSTEMS	SYSTEM VENUS	0	0
INTANGIBLE ASSETS	INTANGIBLE ASSETS	INTANGIBLE ASSETS	SYSTEMS	SYSTEM SAMRAS	0	0
INTANGIBLE ASSETS	INTANGIBLE ASSETS	INTANGIBLE ASSETS	SYSTEMS	SYSTEM MUNSOFT	0	0
INTANGIBLE ASSETS	INTANGIBLE ASSETS	INTANGIBLE ASSETS	SYSTEMS	SYSTEM PROMUN	0	0
INTANGIBLE ASSETS	INTANGIBLE ASSETS	INTANGIBLE ASSETS	SYSTEMS	SYSTEM GIS	0	0
INTANGIBLE ASSETS	INTANGIBLE ASSETS	INTANGIBLE ASSETS	SYSTEMS	SYSTEM ACCOUNTING SYSTEM	0	0
INTANGIBLE ASSETS	INTANGIBLE ASSETS	INTANGIBLE ASSETS	SYSTEMS	SYSTEM ASSET MANAGEMENT SYSTEM	0	0
INTANGIBLE ASSETS	INTANGIBLE ASSETS	INTANGIBLE ASSETS	SYSTEMS	SYSTEM VEHICLE MONITORING	0	0
INTANGIBLE ASSETS	INTANGIBLE ASSETS	INTANGIBLE ASSETS	RIGHTS	RIGHTS WATER	0	0
INTANGIBLE ASSETS	INTANGIBLE ASSETS	INTANGIBLE ASSETS	RIGHTS	RIGHTS LAND USE	0	0
HERITAGE ASSETS	HERITAGE ASSETS	HERITAGE ASSETS	ANTIQUES AND COLLECTIONS		0	0
HERITAGE ASSETS	HERITAGE ASSETS	HERITAGE ASSETS	ARCHIVES		0	0
HERITAGE ASSETS	HERITAGE ASSETS	HERITAGE ASSETS	JEWELLERY	MAYORAL CHAIN GOLD	0	0
HERITAGE ASSETS	HERITAGE ASSETS	HERITAGE ASSETS	JEWELLERY	SPEAKER CHAIN GOLD	0	0
HERITAGE ASSETS	HERITAGE ASSETS	HERITAGE ASSETS	JEWELLERY	CHAIN GOLD	0	0
HERITAGE ASSETS	HERITAGE ASSETS	HERITAGE ASSETS	MUSEUM EXHIBITS		0	0

HERITAGE ASSETS	HERITAGE ASSETS	HERITAGE ASSETS	WORKS OF ART	PAINTING OIL	0	0
HERITAGE ASSETS	HERITAGE ASSETS	HERITAGE ASSETS	WORKS OF ART	PAINTING WATER	0	0
HERITAGE ASSETS	HERITAGE ASSETS	HERITAGE ASSETS	WORKS OF ART	PAINTING MIXED MEDIA	0	0
HERITAGE ASSETS	HERITAGE ASSETS	HERITAGE ASSETS	WORKS OF ART	PAINTING PRINT	0	0
HERITAGE ASSETS	HERITAGE ASSETS	HERITAGE ASSETS	WORKS OF ART	SCULPTURE BRONZE	0	0
HERITAGE ASSETS	HERITAGE ASSETS	HERITAGE ASSETS	WORKS OF ART	SCULPTURE STONE	0	0
HERITAGE ASSETS	HERITAGE ASSETS	HERITAGE ASSETS	WORKS OF ART	SCULPTURE STEEL	0	0
HERITAGE ASSETS	HERITAGE ASSETS	HERITAGE ASSETS	WORKS OF ART	SCULPTURE CEMENT	0	0
HERITAGE ASSETS	HERITAGE ASSETS	HERITAGE ASSETS	WORKS OF ART	SCULPTURE GOLD	0	0
HERITAGE ASSETS	HERITAGE ASSETS	HERITAGE ASSETS	PUBLIC MONUMENTS		0	0
BIOLOGICAL OR CULTIVATED ASSETS	BIOLOGICAL OR CULTIVATED ASSETS	BIOLOGICAL OR CULTIVATED ASSETS	DAIRY CATTLE		0	0
BIOLOGICAL OR CULTIVATED ASSETS	BIOLOGICAL OR CULTIVATED ASSETS	BIOLOGICAL OR CULTIVATED ASSETS	FEATHERED ANIMALS		0	0
BIOLOGICAL OR CULTIVATED ASSETS	BIOLOGICAL OR CULTIVATED ASSETS	BIOLOGICAL OR CULTIVATED ASSETS	FORESTS AND PLANTATIONS		0	0
BIOLOGICAL OR CULTIVATED ASSETS	BIOLOGICAL OR CULTIVATED ASSETS	BIOLOGICAL OR CULTIVATED ASSETS	FRUIT TREES		0	0
BIOLOGICAL OR CULTIVATED ASSETS	BIOLOGICAL OR CULTIVATED ASSETS	BIOLOGICAL OR CULTIVATED ASSETS	GAME		0	0
BIOLOGICAL OR CULTIVATED ASSETS	BIOLOGICAL OR CULTIVATED ASSETS	BIOLOGICAL OR CULTIVATED ASSETS	ANIMALS FOR REPRODUCTION		0	0
BIOLOGICAL OR CULTIVATED ASSETS	BIOLOGICAL OR CULTIVATED ASSETS	BIOLOGICAL OR CULTIVATED ASSETS	ANIMALS FOR WOOL OR MILK		0	0
BIOLOGICAL OR CULTIVATED ASSETS	BIOLOGICAL OR CULTIVATED ASSETS	BIOLOGICAL OR CULTIVATED ASSETS	DOGS LAW ENFORCEMENT AND SECURITY		0	0
BIOLOGICAL OR CULTIVATED ASSETS	BIOLOGICAL OR CULTIVATED ASSETS	BIOLOGICAL OR CULTIVATED ASSETS	HORSES LAW ENFORCEMENT AND WORKING		0	0
BIOLOGICAL OR CULTIVATED ASSETS	BIOLOGICAL OR CULTIVATED ASSETS	BIOLOGICAL OR CULTIVATED ASSETS	PLANTS FOR PRODUCTION OF SEEDS		0	0
BIOLOGICAL OR CULTIVATED ASSETS	BIOLOGICAL OR CULTIVATED ASSETS	BIOLOGICAL OR CULTIVATED ASSETS	VINES		0	0
INVESTMENT PROPERTY	INVESTMENT PROPERTY	INVESTMENT PROPERTY	INVESTMENT PROPERTY LAND		0	0
INVESTMENT PROPERTY	INVESTMENT PROPERTY	INVESTMENT PROPERTY	INVESTMENT PROPERTY BUILDINGS		0	0

**12 ANNEXURE B: EXAMPLES OF ASSET TYPES NOT CAPITALISED DUE TO THEM BEING UTILISED LESS THAN 12 MONTHS**

- Kitchenware, e.g. Kettles, toasters, two-plate stove, etc.
- Stationery equipment, e.g. Punches (not heavy duty), staplers (not heavy duty), etc.
- Garden equipment, e.g. Brooms, rakes, spade, etc.
- Machines (not heavy duty), e.g. Spanners, screw drivers, etc.
- Electrical equipment, e.g. Extension lead, multi plug, etc.
- Mattresses
- Cutlery & crockery
- Other, as may be determined by management

**Signature**

\_\_\_\_\_  
**Municipal Manager  
Adopted by Council**

\_\_\_\_\_

**Date**

\_\_\_\_\_  
**Effective Date**

\_\_\_\_\_

# **MHLONTLO LOCAL MUNICIPALITY**



## **BANKING AND INVESTMENT POLICY**

**(FOR IMPLEMENTATION ON 1 JULY 2019)**

## 1. Preamble

**Whereas** the dynamic nature of the Mhlontlo Local Municipal Council's business requires a commitment to establishing the responsibility for a network of processes with the objective of controlling the operations of the organization in a manner which provides the Accounting Authority reasonable assurance that:

- a) The Council's resources (including its people, systems and data/information bases) are adequately protected.
- b) Data and information published either internally or externally is accurate, reliable and timely
- c) Resources are acquired economically and employed cost effectively and efficiently; quality business processes and continuous improvement are emphasized.
- d) The actions of Municipal Officials are in compliance with the Municipality's policies, standards, plans, procedures and all relevant laws and regulations and
- e) The Municipality's plans, programs, goals, and objectives are achieved.

**Whereas** this document serves as a basis for sound action by Municipal Officials in the execution of their daily duties with respect to financial management and control within the Municipality. The Municipal Manager and delegated officials remain accountable for the implementation and monitoring adherence to these policies and procedures

**Whereas** these policies are implemented within the hereunder mentioned:

### 1. Control Objectives

- i) All transactions made are completely and accurately recorded.
- ii) All recorded transactions are valid.
- iii) Rights / obligations of assets / liabilities are recorded.
- iv) All transactions are recorded at correct amount.
- v) All assets exist.
- vi) Credits granted are valid and recorded accurately.
- vii) Recorded transactions are processed properly.
- viii) Proper close off of accounting sub-systems has been achieved.
- ix) All transactions are properly and promptly recorded.
- x) Adequate provision for doubtful debts is made.
- xi) Basis of accounting used is consistent

**And whereas** the following control activities need to be incorporated in the financial management procedures:

1. An appropriate organizational structure is required to ensure that all financial activities occur in a structured manner. Clear accountability should be determined.
2. It is essential that segregation of the functions and or activities of *execution, approval, custodianship and review* should be achieved.
3. Procedures must clearly dictate physical controls and limitations placed on individuals to assist with segregation of duties to ensure appropriate control environment and safeguarding of assets.
4. All transactions must be approved and authorized by the appropriate responsible and delegated Municipal Official.

Be it therefore enacted in terms of the council resolution.

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**Date**

**Honorable Mayor**

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# Definitions

**Unless otherwise stated the hereunder shall mean the following:**

***“accounting officer”***

- (a) means the Municipal Manager appointed in terms of section 82 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) and being the head of administration and accounting officer in terms of section 60 of the Local Government: Municipal Systems Act 2000 (Act No.32 of 2000 )

**“assets”** are resources controlled by the municipality as a result of past events and from which future economic benefit or services potential are expected to flow to the municipality.

**“chief financial officer”** means an officer of a municipality designated by the municipal manager in terms of section 80(2) (a) of the MFMA; to be administratively in charge of the budgetary and treasury functions.

**“councilor”**, means a member of a municipal council;

**“current year”** means the financial year, which has already commenced, but not yet ended;

**“delegation”**, in relation to a duty, includes an instruction or request to perform or to assist in performing the duty’

**“financial statements”**, means statements consisting of at least-

- (a) a statement of financial position;
- (b) a statement of financial performance;



- (c) a cash –flow statement;
- (d) any other statements that may be prescribed; and
- (e) any notes to these statements;

**“financial year”** means a twelve months period commencing on 1 July and ending on 30 June each year

- (a) **“investment”**, in relation to funds of a municipality, means-
  - (a) the placing on deposit of funds of a municipality with the financial institution; or
  - (b) the acquisition of assets with funds of a municipality not immediately required, with the primary aim of preserving those funds;

**“local municipality”** has the meaning assigned to it in section 1 of the Municipal System Act;

**“mayor”** means the councilor elected as the mayor of the municipality in terms of section 55 of the Municipal Structures Act;

**“municipal council”** or **“council”** means the council of a municipality referred to in section 18 of the Municipal Structures Act;

**“municipal entity”** has the meaning assigned to it in section 1 of the Municipal System Act (refer to the MSA for definition);

**“municipality”**-

- (a) when referred to as a corporate body, means a municipality as described in section 2 of the Municipal Systems Act; or
- (b) when referred to as a geographic area, means a municipal area determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998);

**“National Treasury”** the National Treasury established by section 5 of the Public Finance Management Act

**“official”**, means-

- (a) an employee of a municipality or municipal entity;
- (b) a person seconded to a municipality or municipal entity to work as a member of the staff of the municipality or municipal entity; or
- (c) a person contracted by a municipality or municipal entity to work as a member of the staff of the municipality or municipal entity otherwise than as an employee;

**“past financial year”** means the financial year preceding the current year;

**“quarter”** means any of the following periods in a financial year:

- (a) 1 July to 30 September;
- (b) 1 October to 31 December;
- (c) 1 January to 31 March; or
- (d) 1 April to 30 June;

## **1. LEGAL COMPLIANCE**

The municipality shall at all times manage its banking arrangements and investments and conduct its cash management policy in compliance with the provisions of and any further prescriptions made by the Minister of Finance in terms of the Municipal Finance Management Act No. of 2003.

## **2. OBJECTIVE OF INVESTMENT POLICY**

- a. The council of the municipality is the trustee of the public revenues, which it collects, and it therefore has an obligation to the community to ensure that the municipality’s cash resources are managed effectively and efficiently.
- b. The council therefore has a responsibility to invest these public revenues in a knowledgeable and judicious manner, and must be able to account fully to the community in regard to such investments.
- c. The investment policy of the municipality is therefore aimed at gaining the optimal return on investments, without incurring undue risks, during those periods when cash revenues are not needed

for capital operational purposes. The effectiveness of the investment policy is dependent on the accuracy of the municipality's cash management programme, which must identify the amounts and surplus to the municipality's needs, as well as the time when and period for which such revenues are surplus.

### **3. EFFECTIVE CASH MANAGEMENT**

#### **3.1 Cash Collection**

- i. All monies due to the municipality must be collected as soon as possible, either on or immediately after due date, and banked on a daily basis.
- ii. The respective responsibility of the CFO and other heads departments in this regard is defined in a code of financial practice approved by the municipal manager and CFO. The unremitting support of and commitment to the municipality's credit control policy, both by the council and the municipality's officials, is an integral part of proper cash collections, and by approving the present policy the council pledges itself to such support and commitment.

#### **3.2 Payments to Creditors**

- i. The CFO shall ensure that all tenders and quotations invited by and contracts entered into by the municipality stipulate payment terms favorable to the municipality.
- ii. Such payments shall be effected on the 15<sup>th</sup> and 30<sup>th</sup> of each month. Such a rule shall be departed from only where there are financial or other appropriate incentives for the municipality to effect an earlier payment, and any such departure shall be approved by the CFO before any payment is made.

#### **3.3 Cash Management Programme**

- i. The CFO shall prepare an annual estimate of the municipality's cash flow divided into calendar months, and shall update this estimate on a weekly basis. The estimates shall indicate when and for what periods and amounts surplus revenues may be invested, when and for what amounts investments will have to be liquidated, and when-if applicable-whether long-term or short-term debt must be incurred. Heads of departments shall in this regard furnish the CFO with all such information as is required, timeously and in the format indicated.
- ii. The accounting officer shall report to the executive committee and or the Mayor, as the case may be, on a monthly basis and to every ordinary council meeting the cash flow estimate or revised estimate for such month or reporting period respectively, together with the actual cash flows for the month or period concerned, and cumulatively to date, as well as the estimates or revised estimates of the cash flows for the remaining months of the financial year, aggregated into quarters where appropriate. The cash flow estimates shall be divided into calendar months, and in reporting the accounting officer shall provide comments or explanations in regard to any significant cash flow deviation in any calendar month forming part of such report. Such report

shall also indicate any movements in respect of the municipality's investments, together with appropriate details of the investments concerned.

#### **4. INVESTMENT ETHICS**

- i. The accounting officer shall be responsible for investing the surplus revenues of the municipality, and shall manage such investments in compliance with any policy directives formulated by the council and prescriptions made by the Minister of Finance.
- ii. In making such investments, the accounting officer shall at all times have only the best considerations of the municipality in mind and shall not accede to any influence by or interference, investment agents or institutions or any other outside parties.
- iii. The accounting officer may not accept any gift, other than an item having such negligible value that it cannot possibly be construed as anything other than a token of goodwill by the donor, from any investment agent or institution or any party with which the municipality has made or may potentially make an investment.

#### **5: INVESTMENT PRINCIPLES**

##### **5.1 Limiting Exposure**

- i. When large sums of money are available for investment, the accounting officer shall ensure that they are invested with more than one institution, whichever practicable, in order to limit the risk exposure of the municipality. The accounting officer shall further ensure that, as far as it is practically and legally possible, the municipality's investments are so distributed that more than one investment category is covered that is, call, money market and fixed deposits).

##### **5.2 Risk and Return**

Although the objective of the accounting officer in making investments on behalf of the municipality shall be to obtain the best interest rate on offer, this consideration must be tempered by the degree of risk involved in regard to both the financial institution and the investment instrument concerned. No investment shall be made with an institution where the degree of risk is perceived to be higher than the average risk associated with investment institutions. Deposits shall be made only with registered deposit-taking institutions (see 5.4 below).

### **5.3 Payment of Commission**

Every financial institution with which the municipality makes an investment must issue a certificate to the CFO in regard to such investment, stating that such financial institution has not paid and will not pay any commission and has not and will not grant any other benefit to any party for obtaining such investment.

### **5.4 Call Deposits and Fixed Deposits**

- i. Before making any call or fixed deposits, the CFO shall obtain quotations from at least three financial institutions.
- ii. Given the volatility of the money market, the CFO, shall, whenever necessary, request quotations telephonically, and shall record in an appropriate register the name of the institution, the name of the person contacted, and the relevant terms and rates offered by such institution, as well as any other information which may be relevant (for example, whether the interest is payable monthly or only maturity, and so forth).
- iii. Once the best investment terms have been identified, written confirmation of the telephonic quotation must be immediately obtained (by facsimile, e-mail or any other expedient means).
- iv. Any monies paid over to the investing institution in terms of the agreed investment (other than monies paid over in terms of part 7 below) shall be paid over only to such institution itself and not to any agent or third party. Once the investment has been made, the CFO shall ensure that the municipality receives a properly documented receipt or certificate for such investment, issued by the institution concerned in the name of the municipality.

### **5.5 Restriction on Terms of Investment**

No investment with a tenure exceeding twelve months shall be made without the prior approval of the executive committee.

## **6. CONTROL OVER INVESTMENTS**

- i. The CFO shall ensure that proper records are kept for all investments made by the municipality. Such records shall indicate the date on which the investment is made, the institution with which the monies are invested, the amount of the investment, the interest rate applicable, and the maturity date. If the investment is liquidated at a date other than the maturity date, such date shall be indicated.

- ii. The CFO shall ensure that all interests and capital properly due to the municipality are timeously received, and shall take appropriate steps or cause such appropriate steps to be taken if interests or capital is not fully or timeously received.
- iii. The CFO shall ensure that all investment documents and certificates are properly secured in a fireproof safe with segregated control over the access to such safe, or are otherwise lodged for safekeeping with the municipality's bankers or attorneys.

## **7. OTHER EXTERNAL INVESTMENTS**

- i. From time to time it may be in the best interest of the municipality to make longer-term investments in secure stock issued by the national government, ESKOM or any other reputable parastatal or institution, or by another reputable municipality. In such cases the accounting officer must be guided by the best rates of interest pertaining to the specific type of investment, which the municipality requires, and to the best and most secure instrument available at the time.
- ii. No investment with a tenure exceeding twelve month shall be made without the prior approval of executive committee and without guidance having been sought from the municipality's bankers or other credible investment advisers on the security and financial implications of the investment concerned.

## **8. BANKING ARRANGEMENTS**

The municipal manager is responsible for the management of the municipality's bank accounts and shall counter sign any document and or cheque pertaining to any Municipal account.

The CFO is authorized at all times to be the primary signatory to all accounts and cheques issued by the municipality.

One senior official from finance on the recommendation by the CFO may sign on all accounts and cheques provided that such recommendation has been approved by the council.

In compliance with good governance the accounting officer shall open a bank account for ordinary operating purposes, and shall further maintain a separate account for each of the following: the administration of the external finance fund and of the asset financing reserve (if these accounts are legally permissible). One or more separate accounts shall also be maintained for the following capital receipts in the form of grants, donations or contributions from whatever source; trust funds; and the municipality's self- insurance reserve ( if legally permissible). In determining the number of additional accounts to be maintained, the CFO shall have regard to the likely number of transactions affecting each of the accounts referred to. Unless these are compelling reasons e.g. investments, to do otherwise, and the council expressly so directs, all the

municipality's bank accounts shall be maintained with the same banking institution to ensure pooling of balances for purposes of determining the interest payable to the municipality.

The municipal manager shall in selecting a primary bank invite tenders for the placing of the municipality's bank accounts within six month after the election of each new council, such new banking arrangements to take effect from the first day of the ensuing financial year. However, such tenders may be invited at any earlier or later stage, if the municipal manager is of the opinion that the services offered by the municipality's current bankers are materially defective, or not cost-effective, and the Mayor or the executive committee, as the case may be, agrees to the prognosis.

## **9. RAISING OF DEBT**

The municipal manager is responsible for the raising of debt, but may delegate this function to the CFO who shall then manage this responsibility in consultation with the municipal manager. All debt shall be raised in strict compliance with the requirements of the Municipal Finance Management Act 2003, and only with the prior approval of the council.

Long-term debt shall be raised only to the extent that such debt is provided for as a source of necessary finance in the capital component of the approved annual budget or adjustment budget.

Short-term debt shall be raised only when it is unavoidable to do so in terms of cash requirements, whether for the capital or operating budgets or so settle any other obligations, and provided the need for such short-term debt, both as to extent and duration, is clearly indicated in the cash flow

estimates prepared by the CFO. Short-term debt shall be raised only to anticipate a certain long-term agreement or a certain inflow of operating revenues.

## **10. INVESTMENTS FOR THE REDEMPTION OF LONG-TERM LIABILITIES**

In managing the municipality's investments, the CFO shall ensure that, whenever a long-term (non-annuity) loan is raised by the municipal sum divided by the period of the loan. Such investment shall be made against the bank account maintained for the external finance fund, and shall be accumulated and used only for the redemption of such loan on due date. The making of such investment shall be approved by the council at the time that the loan itself is approved.

If the loan raised is not a fixed term-loan, but an annuity loan, the CFO shall ensure that sufficient resources are available in the account maintained for the external finance fund to repay the principal amounts due in respect of such loan on the respective due dates.

## **11. INTEREST ON INVESTMENTS**

The interests accrued on all the municipality's investments shall, in compliance with the requirements of generally accepted municipal accounting practice, be recorded in the first instance in the municipality's operating account as ordinary operating revenues, and shall thereafter be appropriated, at the end of each month, to the fund or account in respect of which such investment was made.

In the case of the external finance fund, the CFO may reduce the amount which must be annually invested to redeem any particular loan by the amount of interest so accrued. If the accrual of interest to the external finance fund, unutilized capital receipts and trust funds result in a surplus standing to the account of any such funds, that is, an amount of surplus to the resources required in respect of such funds or accounts, such surplus amount shall be credited by the CFO to the appropriation account and re-appropriated to the asset financing reserve.

## **12. PAYMENTS**

All payments, other than petty cash disbursements, shall be made through the municipality's bank accounts(s).

The CFO shall draw all cheques on this account, and shall, in consultation with the municipal manager and with due regard to the council's policy on banking and investments.

All requests for payments of whatever nature shall be submitted on payment vouchers, the format of which shall be determined by the CFO. Such vouchers shall be authorized in terms of such rules and procedures as are determined from time to time by the CFO and approved by the Municipal Manager.

The maximum amount and nature of petty cash disbursements, where not covered by the general buying procedures referred to in Section 2, shall be generally determined from time to



time by the CFO. No cash float shall be operated without the authority of the CFO, who may prescribe such procedures relevant to the management of such float as are considered necessary.

The CFO shall be responsible for the payment of all salaries and remuneration benefits to employees and councilors, and for the determination of payment system to be used.

### **13. REVENUE AND CASH COLLECTION**

Every head of department shall be responsible for the collection of moneys falling within the ambit and area of his or her designated functions.

The CFO shall ensure that all revenues are properly accounted for.

The collection of all arrear revenues and the control of arrear accounts shall be coordinated by the CFO in terms of any policies determined by the council. If it is clear that any revenues are not recovered after the necessary steps have been taken, the CFO shall report the matter adequately and timeously to the executive committee.

The CFO shall ensure that adequate provision is maintained to cover the writing off of irrecoverable revenues, having due regard to the council's policy on rates and tariffs.

### **13. BANKING OF RECEIPTS**

Guidelines and procedures for the banking of cheques and other receipts shall, if necessary, be determined from time to time by the CFO.

Where applicable, every head of department shall ensure that all revenues are banked daily with the municipality's banker(s), or less frequently if so approved by the CFO.

*. Approved by*

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*Mayor*

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*Municipal Manager*

*Date*

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# ***BUDGET POLICY***



**MHLONTLO LOCAL MUNICIPALITY**

## 2. Preamble

**Whereas** the dynamic nature of the Mhlontlo Local Municipal Council's business requires a commitment to establishing the responsibility for a network of processes with the objective of controlling the operations of the organization in a manner which provides the Accounting Authority reasonable assurance that:

- f) The Council's resources (including its people, systems and data/information bases) are adequately protected.
- g) Data and information published either internally or externally is accurate, reliable and timely
- h) Resources are acquired economically and employed cost effectively and efficiently; quality business processes and continuous improvement are emphasized.
- i) The actions of Municipal Officials are in compliance with the Municipality's policies, standards, plans, procedures and all relevant laws and regulations and
- j) The Municipality's plans, programs, goals, and objectives are achieved.

**Whereas** this document serves as a basis for sound action by Municipal Officials in the execution of their daily duties with respect to financial management and control within the Municipality. The Municipal Manager and delegated officials remain accountable for the implementation and monitoring adherence to these policies and procedures

**Whereas** these policies are implemented within the hereunder mentioned:

### 1. Control Objectives

- xii) All transactions made are completely and accurately recorded.
- xiii) All recorded transactions are valid.
- xiv) Rights / obligations of assets / liabilities are recorded.
- xv) All transactions are recorded at correct amount.
- xvi) All assets exist.
- xvii) Credits granted are valid and recorded accurately.
- xviii) Recorded transactions are processed properly.
- xix) Proper close off of accounting sub-systems has been achieved.
- xx) All transactions are properly and promptly recorded.
- xxi) Adequate provision for doubtful debts is made.
- xxii) Basis of accounting used is consistent

**And whereas** the following control activities need to be incorporated in the financial management procedures:

5. An appropriate organizational structure is required to ensure that all financial activities occur in a structured manner. Clear accountability should be determined.
6. It is essential that segregation of the functions and or activities of *execution, approval, custodianship and review* should be achieved.
7. Procedures must clearly dictate physical controls and limitations placed on individuals to assist with segregation of duties to ensure appropriate control environment and safeguarding of assets.
8. All transactions must be approved and authorized by the appropriate responsible and delegated Municipal Official.

Be it therefore enacted in terms of the council resolution.

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**Date**

**Honorable Mayor**

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# Definitions

**Unless otherwise stated the hereunder shall mean the following:**

***“accounting officer”***

- (a) means the Municipal Manager appointed in terms of section 82 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) and being the head of administration and accounting officer in terms of section 60 of the Local Government: Municipal Systems Act 2000 (Act No.32 of 2000 )

***“allocation”, means:-***

- (a) a municipality's share of the local government's equitable share referred to in Section 214(1) (a) of the Constitution
- (b) an allocation of money to a municipality in terms of Section 214(1) (c) of the Constitution
- (c) an allocation of money to a municipality in terms of a provincial budget; or
- (d) any other allocation of money to a municipality, otherwise than in compliance with a commercial or other business transaction;

***“annual division of revenue act”*** means the Act of Parliament,

Which must be enacted annually in terms of section 214(1) of the Constitution;

***“approved budget”,*** means an annual budget:-

- (a) approved by a municipal council, or
- (b) includes such an annual budget as revised by an adjustments budget in terms of Section 28 of the MFMA;

***“assets”*** are resources controlled by the municipality as a result of past events and from which future economic benefit or services potential are expected to flow to the municipality.

***“basic municipal service”*** means a municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety or the environment;

**Budget-** means forecast or estimates of revenue and expenditure that is necessary for the council to realize its objectives or budget is a financial program of the municipality for a specific period that consist of the following parts

- **Operating Budget**
  - **Revenue part**
  - **Expenditure part**
- **Capital Budget**
  - **As per source of finance**

**“Budget –related Policy”** means a policy of a municipality affecting or affected by the annual budget of the municipality, including-

- (a) the tariffs policy, which the municipality must adopt in terms of section 74 of the

**‘municipal systems act;**

- (b) the rates policy which the municipality must adopt in terms of legislation regulating municipal property rates; or
- (c) the credit control and debt collection policy, which the municipality must adopt in terms of section 96 of the Municipality Systems Act;

**“budget transfer”** means transfer of funding within a function / vote.

**“budget year”** means the financial year of the municipality for which an annual budget is to be approved in terms of section 16(1) of the MFMA;

**“carrying amount”** is the amount at which an asset is included in the balance sheet after deducting any accumulated depreciation/impairment thereon.

**“chief financial officer”** means an officer of a municipality designated by the municipal manager in terms of section 80(2) (a) of the MFMA; to be administratively in charge of the budgetary and treasury functions.

**“community assets”** are defined as any asset that contributes to the community’s well-being. Examples are parks, libraries and fire stations.

**”cost”** is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction.



**“councilor”**, means a member of a municipal council;

**“creditor”**, means a person to whom money is owed by the municipality;

**“current year”** means the financial year, which has already commenced, but not yet ended;

**“delegation”**, in relation to a duty, includes an instruction or request to perform or to assist in performing the duty’

**“depreciable amount”** is the cost of an asset, or other amount substituted for cost in the financial statements, less its residual value.

**“depreciation”** is the systematic allocation of the depreciable amount of an asset over its useful life.

**“fair value”** is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm’s length transaction.

**“financial recovery plan”** means a plan prepared in terms of section 141 of the MFMA

**“financial statements”**, means statements consisting of at least-

- (f) a statement of financial position;
- (g) a statement of financial performance;
- (h) a cash –flow statement;
- (i) any other statements that may be prescribed; and
- (j) any notes to these statements;

**“financial year”** means a twelve months period commencing on 1 July and ending on 30 June each year

**“financial agreement”** including any loan agreement, lease, and installment purchase contract or hire purchase arrangement under which a municipality undertake to repay a long-term debt over a period of time:

**“fruitless and wasteful expenditure”** means expenditure that was made in vain and would have been avoided had reasonable care been exercised;

**“heritage assets”** are defined as culturally significant resources. Examples are works of art, historical buildings and statues.

**“indigent support ”** means support or relief rendered to deserving registered

households in accordance with the Local Government Municipal Systems Act, 2000, Local Authorities Ordinance No. 20 of 1974 and other amending or related legislation.

**“infrastructure assets”** are defined as any asset that is part of a network of similar assets. Examples are roads, water reticulation schemes, sewerage purification and trunk mains, transport terminals and car parks.

**“irregular expenditure”** means-

- (b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the MFMA Act, and which has not been condoned in terms of section 170 of the MFMA;
- (c) Expenditure incurred by a municipality or municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
- (d) Expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998(Act No.20 of 1998); or
- (e) Expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality’s by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of “unauthorized expenditure”

**“investment”**, in relation to funds of a municipality, means-

- (c) the placing on deposit of funds of a municipality with the financial institution; or
- (d) the acquisition of assets with funds of a municipality not immediately required, with the primary aim of preserving those funds;

**“Investment properties”** are defined as properties that are acquired for economic and capital gains. Examples are office parks and undeveloped land acquired for the purpose of resale in future years.

**“lender”**, means a person who provides debt finance to a municipality;

**“local municipality”** has the meaning assigned to it in section 1 of the Municipal System Act;

**“Municipal Structures Act”** means the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);

**“Municipal Systems Act”** means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);

**“long-term debt”** means debt repayable over a period exceeding one year;

**“mayor”** means the councilor elected as the mayor of the municipality in terms of section 55 of the Municipal Structures Act;

**“municipal council”** or **“council”** means the council of a municipality referred to in section 18 of the Municipal Structures Act;

**“municipal debt instrument”** means any note, bond, debenture or other evidence of indebtedness issued by a municipality, including dematerialized or electronic evidence of indebtedness intended to be used in trade;

**“municipal entity”** has the meaning assigned to it in section 1 of the Municipal System Act (refer to the MSA for definition);

**“municipal valuation”** means the official valuation of an immovable property as reflected in the Municipality’s valuation roll.

**“municipal service”** has the meaning assigned to it in section 1 of the Municipal Systems Act (refer to the MSA for definition);

**“municipal tariff”** means a tariff for services which a municipality may set for the provision of a service to the local community, and includes a surcharge on such tariff;

**“municipal tax”** means the property rates or other taxes, levies or duties that a municipality may impose;

**“municipality”-**

- (c) when referred to as a corporate body, means a municipality as described in section 2 of the Municipal Systems Act; or
- (d) when referred to as a geographic area, means a municipal area determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998);

**“National Treasury”** the National Treasury established by section 5 of the Public Finance Management Act

**“official”**, means-

- (d) an employee of a municipality or municipal entity;
- (e) a person seconded to a municipality or municipal entity to work as a member of the staff of the municipality or municipal entity; or
- (f) a person contracted by a municipality or municipal entity to work as a member of the staff of the municipality or municipal entity otherwise than as an employee;

**“other assets”** are defined as assets utilized in normal operations. Examples are plant and equipment, motor vehicles and furniture and fittings.

**“overspending”-**

- (a) means causing the operational or capital expenditure incurred by the municipality during a financial year's budget for its operational or capital expenditure, as the case may be;
- (b) in relation to a vote, means causing expenditure under the vote to exceed the amount appropriated for that vote; or
- (c) in relation to expenditure under section 26 of the MFMA, means causing expenditure under that section the limits allowed in subsection (5) of the section;

**“past financial year”** means the financial year preceding the current year;

**“property, plant and equipment”** are tangible assets that:-

are held by a municipality for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and are expected to be used during more than one period.

**“quarter”** means any of the following periods in a financial year:

- (e) 1 July to 30 September;
- (f) 1 October to 31 December;
- (g) 1 January to 31 March; or
- (h) 1 April to 30 June;

**“recoverable amount”** is the amount that the municipality expects to recover from the future use of an asset, including its residual value on disposal.

**“residual value”** is the net amount that the municipality expects to obtain for an asset at the end of its useful life after deducting the expected costs of disposal.

**“service delivery and budget implementation plan”** means a detailed plan approved by the executive mayor of a municipality in terms of section 53(l) (c) (ii) of the MFMA for implementing the municipality’s delivery of municipal services and its annual budget, and which must indicate-

- (a) projections for each month of-
  - (i) revenue to be collected, by source; and
  - (ii) operational and capital expenditure, by vote;
- (b) service delivery targets and performance indicators for each quarter; and
- (c) any other matters that may be prescribed, and includes any revisions of such plan by the executive mayor in terms of section 54(1)(c) of the MFMA;

**“short term debt”** means debt repayable over a period not exceeding one year;

**“standard of generally recognized accounting practice”**, means an accounting practice complying with standards applicable to municipalities or municipal entities as determined by the Accounting Standards Board

**“unauthorized expenditure”**, means any expenditure incurred by municipality otherwise than in accordance with section 15 or 11(3) of the MFMA, and includes-

- (a) overspending of the total amount appropriated in the municipality's approved budget;
- (b) overspending of the total amount appropriated for a vote in the approved budget;
- (c) expenditure from a vote unrelated to the department or functional area covered by the vote;
- (d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- (e) spending of an allocation referred to in paragraph(b),

**"useful life"** is:-

- 1) the period of time over which an asset is expected to be used by the municipality; or
- 2) the number of production or similar units expected to be obtained from asset by the municipality's accounting officer.

**"virement"** means transfer of funds between functions / votes

**"vote"** means –

- (a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and
- (b) which specifies the total amount that is appropriated for the purpose of the department or functional area concerned.

## **1. Introduction**

In terms of the Municipal Finance Management Act, No.56 of 2003, Chapter 4 on Municipal Budgets, Subsection (16), states that the council of a municipality must for each financial year approve an annual budget for the municipality before the commencement of that financial year. According to subsection (2) of the Act concerned, in order to comply with subsection(1), the executive mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year. This policy must be read, analyzed, explained, interpreted, implemented and understood against this legislative background. The budget plays a critical role in an attempt to realize diverse community needs. Central to this, the formulation of a municipality budget must take into account the government's macro- economic and fiscal policy fundamentals. In brief, the conceptualization and the operationalisation of the budget must be located within the national government's policy framework.

## **2. Objective**

The objective of the budget policy sets out:

- a. The principles which the municipality will follow in preparing each medium term revenue and expenditure framework budget,
- b. The responsibilities of the mayor, the accounting officer, the chief financial officer and other senior managers in compiling the budget,
- c. To establish and maintain procedures to ensure adherence to Mhlontlo Municipality' IDP review and budget processes.

## **3. Budgeting Principles**

- 3.1 The municipality shall not budget for a deficit and should also ensure that revenue projections in the budget are realistic taking into account actual collection levels.
- 3.2 Expenses may only be incurred in terms of the approved annual budget (or adjustments budget) and within the limits of the amounts appropriated for each vote in the approved budget.
- 3.3 Mhlontlo Municipality shall prepare three-year budget (medium term revenue and expenditure framework (MTREF)) and that be reviewed annually and approved by Council.
- 3.4 The MTREF budget shall at all times be within the framework of the Municipal Integrated Development Plan.

## **4. Budget Preparation Process**

### **4.1 Formulation of the budget**

- (a) The Accounting Officer with the assistance of the Chief Financial Officer and the Head of IDP shall draft the IDP process plan as well as the budget timetable for the municipality including municipal entities for the ensuing financial year.
- (b) The Mayor shall table the IDP process plan as well as the budget timetable to Council by 31 August each year for approval (10 months before the start of the next budget year).
- (c) IDP process plan as well as the budget timetable shall indicate the key deadlines for the review of the IDP as well as the preparation of the medium term revenue and expenditure framework budget and the revision of the annual budget. Such target dates shall follow the prescriptions of the Municipal Finance Management Act as well as the guidelines set by National Treasury.
- (d) The Mayor shall convene a strategic workshop in September /October with the executive committee and senior managers in order to prepare for the MTREF budget taking into account the financial and political pressures facing the municipality. The mayor shall table the IDP priorities with the draft budget to Council.
- (e) The Mayor shall table the draft IDP and MTREF budget to council by 31 March (90 days before the start of the new budget year) together the draft resolutions and budget related policies (policies on tariff setting, credit control, debt collection, indigents, investment and cash management, borrowings ,etc).
- (f) The Chief Financial Officer and Senior Managers undertake the technical preparation of the budget.
- (g) The budget must be in the prescribed format, and must be divided into capital and operating budget according to national treasury guidelines.
- (h) The budget must reflect the realistically expected revenue by source for the budget year concerned.
- (i) The expenses reflected in the budget must be divided into items.
- (j) The budget must also contain the information related to the two financial years following the financial year to which the budget relates, as well as the actual revenues and expenses for the prior year, and the estimated revenues and expenses for the current year.

### **4.2 Public participation process**

Immediately after the draft annual budget has been tabled, the municipality must convene hearings on the draft budget in April and invite the public, stakeholders' organizations, to make representation at the council hearings and to submit comments in response to the draft budget.

### **4.3 Approval of the budget**

- (a) Council shall consider the next medium term expenditure framework budget for approval not later than 31 May (30 days before the start of the budget year).
- (b) The council resolution, must contain budget policies and performance measures be adopted.
- (c) Should the municipality fail to approve the budget before the start of the budget year, the Mayor must inform the MEC for Finance that the budget has not been approved.
- (d) The budget tabled to Council for approval shall include the following supporting documents:



- i. draft resolutions approving the budget and levying property rates, other taxes and tariffs for the financial year concerned;
- ii. draft resolutions;
- iii. measurable performance objectives for each budget vote, taking into account the municipality's IDP;
- iv. the projected cash flows for the financial year by revenue sources and expenditure votes;
- v. any proposed amendments to the IDP;
- vi. any proposed amendments to the budget-related policies;
- vii. the cost to the municipality of the salaries, allowances and other benefits of its political office bearer and other councillors, the accounting officer, the chief financial officer, and other senior manager;
- viii. particulars of any proposed allocations or grants to other municipalities, municipal entities, external mechanisms assisting the municipality in service delivery, other organs of state, and organizations such as Non-Governmental Organizations, welfare institutions and so on;
- ix. particulars of the municipality's investments; and
- x. Various information regarding municipal entities under the shared or sole control of the municipality.

#### **4.4 Publication of the budget**

- (a) Within 5 days after the draft annual budget has been tabled, the Head of Corporate Services must post the budget and other budget-related documentation onto the municipal website so that it is accessible to the public as well as send hard copies to National and Provincial Treasury.
- (b) The Chief Financial Officer must within 10 days submit the approved budget in both printed and electronic formats to the National Treasury, the Provincial Treasury as well as post it on the municipal website.

#### **4.5 Service Delivery and Budget Implementation Plan (SDBIP)**

- (a) The council must approve the Service Delivery and Budget Implementation Plan not later than 28 days after the approval of the Budget by Council.
- (b) The SDBIP shall include the following components:
  - i. Monthly projections of revenue to be collected for each source
  - ii. Monthly projections of expenditure (operating and capital) and revenue for each vote
  - iii. Quarterly projections of service delivery targets and performance indicators for each vote.
  - iv. Ward information for expenditure and service delivery.
  - v. Detailed capital works plan broken down by ward over three years.

### **5. Capital Budget**

- (a) Expenditure of a project shall be included in the capital budget if it meets the asset definition i.e. if it results in an asset being acquired or created and its value exceeds R10, 000 and has a useful life in excess of one year.
- (b) Vehicle replacement shall be done in terms of Council's vehicle replacement policy. The budget for vehicles shall distinguish between replacement and new vehicles. No globular amount shall be budgeted for vehicle acquisition.

- (c) A municipality may spend money on a capital project only if the money for the project has been appropriated in the capital budget.
- (d) The envisaged sources of funding for the capital must be properly considered and the Council must be satisfied that this funding is available and has not been committed for other purposes.
- (e) Before approving a capital project, the Council must consider:
  - i. the projected cost of the project over all ensuing financial years until the project becomes operational;
  - ii. future operational costs and any revenues, which may arise in respect of such project, including the likely future impact on operating budget (i.e. on property rates and service tariffs).
- (f) Before approving the capital budget, the council shall consider:
  - i. the impact on the present and future operating budgets of the municipality in relation to finance charges to be incurred on external loans,
  - ii. depreciation of fixed assets;
  - iii. maintenance of fixed assets, and
  - iv. any other ordinary operational expenses associated with any item on such capital budget.
- (g) Council shall approve the annual or adjustment capital budget only if it has been properly balanced and fully funded.
- (h) The capital expenditure shall be funded from the following sources:

### **Revenue or surplus**

- 6.1. If any project is to be financed from revenue this financing must be included in the cash budget to raise sufficient cash for the expenditure.
- 6.2. If the project is to be financed from surplus there must be sufficient cash available at time of execution of the project.

### **External loans**

- i. No loan can be raised without a council resolution.
- ii. External loans can be raised only if it linked to the financing of an asset
- iii. A capital project to be financed from an external loan can only be included in the budget if the loan has been secured or if can be reasonably assumed as being secured;
- iv. The loan redemption period should not exceed the estimated life expectancy of the asset. If this happens the interest payable on the excess redemption period shall be declared as fruitless expenditure;
- v. Interest payable on external loans shall be included as a cost in the revenue budget;
- vi. Finance charges relating to such loans shall be charged to or apportioned only between the departments or votes to which the projects relate.

### **Capital Replacement Reserve (CRR)**

- a. Council shall establish a CRR for the purpose of financing capital projects and the acquisition of assets. Such reserve shall be established from the following source of revenue:
  1. Unappropriated cash-backed surpluses to the extent that such surpluses are not required for operational purposes;
  2. Interest on the investments of the CRR, appropriated in terms of the investments policy;
  3. Additional amounts appropriated as contributions in each annual or adjustments budget; and
  4. Sale of land and profit or loss on the sale assets
- b. Before any asset can be financed from the CRR the financing must be available within the reserve and available as cash as this fund must be cash backed;
- c. If there is insufficient cash available to fund the CRR this reserve fund must be cash backed;
- d. If there is insufficient cash available to fund the CRR this reserve fund must then be adjusted to equal the available cash;
- e. Transfers to the CRR must be budgeted for in the cash budget.
- f. No funding for projects funded from the Capital Replacement Reserve shall be rolled over to the next budget year except in cases where a commitment has been made 90 days (30 March each year) prior the end of that particular financial year.

### **Grant Funding**

- i) Non capital expenditure funded from grants must be budgeted for as part of the revenue budget;
  - a) Expenditure must be reimbursed from the funding creditor and transferred to the operating and must be budgeted for as such.
- ii) Capital expenditure must be budgeted for in the capital budget;
- iii) Interest earned on investments of Conditional Grant Funding shall be capitalized if the condition state that interest should accumulate in the fund. If there is no condition stated the interest can then be allocated directly to the revenue accounts.
- iv) Grants funding does not need to be cash backed but cash should be secured before spending can take place.

## **6. Operating Budget**

- (a) The municipality shall budget in each annual and adjustments budget for the contribution to:
  - i. provisions for accrued leave entitlements equal to 100% of the accrued leave
  - ii. entitlement of officials as at 30 June of each financial year
  - iii. provision for bad debts in accordance with its rates and tariffs policies
  - iv. provision for the obsolescence and deterioration of stock in accordance with its stores management policy
  - v. Depreciation and finance charges shall be charged to or apportioned only between the departments or votes to which the projects relate.
  - vi. At least 5% of the operating budget component of each annual and adjustments budgets shall be set aside for maintenance.

- (b) When considering the draft annual budget, council shall consider the impact, which the proposed increases in rates and services tariffs will have on the monthly municipal accounts of households.
- (c) The impact of such increases shall be assessed on the basis of a fair sample of randomly selected accounts.
- (d) The operating budget shall reflect the impact of the capital component on:
  - i. depreciation charges
  - ii. repairs and maintenance expense
  - iii. interest payable on external borrowings
  - iv. other operating expenses
- (e) The chief financial officer shall ensure that the cost of indigence relief is separately reflected in the appropriate votes.

Operating budget may be financed only from:

- i. realistically expected revenues, based on current and previous collection levels;
- ii. cash-backed funds available from previous surpluses where such funds are not required for other purposes; and
- iii. borrowed funds in respect of the capital budget only.

## **7. Unspent Funds /Roll Over of Budget**

- (a) The appropriation of funds in an annual or adjustments budget will lapse to the extent that they are unspent by the end of the relevant budget year, but except for funds relating to capital expenditure.
- (b) Only unspent grant (if the conditions for such grant funding allows that) or loan funded capital budget may be rolled over to the next budget year.
- (c) Conditions of the grant fund shall be taken into account in applying for such roll over the funds.
- (d) Application to roll over the funds shall forward to the budget office by the 15<sup>th</sup> of April each year to be included in next year's budget for adoption by Council in May.
- (e) Adjustments to the rolled over budget shall be done during the 1<sup>st</sup> budget adjustment in the new financial year after taking into account expenditure up to the end of the previous financial year.
- (f) No funding for projects funded from the Capital Replacement Reserve shall be rolled over to the next budget year except in cases where a commitment has been made 90 days (30 March each year) prior the end of that particular financial year.
- (g) No unspent operating budget shall be rolled over to the next budget year.

## **8. Budget Transfers and Virements**

- (b) Budget transfers within the same vote shall be recommended by the Departmental Manager and approved by the Chief Financial Officer or such other senior delegated official in the Budget and Treasury Department.
- (c) No budget transfers or virement shall be made to or from salaries except with the prior approval by the Chief Financial Officer and Head of Corporate Services in consultation with the Municipal Manager.
- (d) In cases of emergency situations virements shall be submitted by the accounting officer to the Mayor for authorization and be reported by the Mayor to Council at its next meeting.

- (e) Savings on allocations earmarked for specific operating and capital projects may not be used for other purposes except with the approval of council.
- (f) Section 57 managers may utilize a saving in the amount appropriated under a main expenditure category (e.g. Salaries, General Expenses, Repairs & Maintenance, etc.) within a vote which is under their main expenditure category within the same vote, with the approval of the Chief Financial Officer or such senior delegated official in the Budget & Treasury Department.
- (g) The amount of a saving under a main expenditure category of a vote that may be transferred to another main expenditure category may not exceed ten per cent of the amount appropriated under that main expenditure category.
- (h) Savings in an amount appropriated for capital expenditure may not be used to defray operational expenditure.
- (i) Virements between votes shall be included in the adjustment budget.

## 9. Adjustment Budget

Each adjustments budget shall reflect realistic excess, however nominal, of current revenues over expenses.

- (b) The Chief Financial Officer shall ensure that the adjustments budgets comply with the requirements of the National Treasury reflect the budget priorities determined by the Mayor, are aligned with the IDP, and comply with all budget-related policies, and shall make recommendations to the Mayor on the revision of the IDP and the budget-related policies where these are indicated.
- (c) Council may revise its annual budget by means of an adjustments budget twice a year or as may be required.
- (d) The Accounting Officer must promptly adjust its budgeted revenues and expenses if a material under-collection of revenues arises or is apparent.
- (e) The Accounting Officer shall appropriate additional revenues, which have become available but only to revise or accelerate spending programme already budgeted for or any areas of critical importance identified by Council in compliance with Item 2 of Section 10.
- (f) The Council shall in such adjustments budget, and within the prescribed framework, confirm unforeseen and unavoidable expenses on the recommendation of the Mayor.
- (g) The Council should also authorize the spending of funds unspent at the end of the previous financial year, where such under-spending could not reasonably have been foreseen at the time the annual budget was approved by the Council.
- i. Only the Mayor shall table an adjustments budget. Adjustments budget shall be done at most two times a year after the end of each half and be submitted to Council for approval.
- (h) An adjustments budget must contain all of the following:
  - i. an explanation of how the adjustments affect the approved annual budget;
  - ii. Appropriate motivations for material adjustments; and
  - iii. An explanation of the impact of any increased spending on the current and future budgets.
  - iv. Any unappropriated surplus from previous financial years,
  - v. Even if fully cash-backed, shall not be used to balance any adjustments budget, but shall be appropriated to the municipality's capital replacement reserve.
  - vi. Municipal taxes and tariffs may not be increased during a financial year except if required in terms of a financial recovery plan.
  - vii. Unauthorized expenses may be authorized in an adjustments budget.
  - viii. In regard to unforeseen and unavoidable expenditure, the following apply:

1. the Mayor may authorize such expenses in an emergency or other exceptional circumstances;
2. the municipality may not exceed 3% of the approved annual budget in respect of such unforeseen and unavoidable expenses;
3. these expenses must be reported by the mayor to the next Council meeting;
4. these expenses must be appropriated in an adjustments budget; and
5. the expenses must be appropriated in an adjustments budget; and
6. Council must pass the adjustments budget within sixty days after the expenses were incurred.

## **10. Budget Implementation**

### **10.1 Monitoring**

- (a) The accounting officer with the assistance of the chief financial officer and other senior managers is responsible for the implementation of the budget, and must take reasonable steps to ensure that:
  1. funds are spent in accordance with the budget
  2. expenses are reduced if expected revenues are less than projected; and
  3. Revenues and expenses are properly monitored.
- (b) The Accounting officer with the assistance of the chief financial officer must prepare any adjustments budget when such budget is necessary and submit it to the Mayor and the executive for consideration and tabling to Council.
- (c) The Accounting officer must report in writing to the Council any impending shortfalls in the annual revenue budget, as well as any impending overspending, together with the steps taken to prevent or rectify these problems.

## **11. Reporting**

### **11.1. Monthly budget statements**

- (a) The accounting officer with the assistance of the chief financial officer must, not later than ten working days after the end of each calendar month, submit to the Mayor and Provincial and National Treasury a report in the prescribed format on the state of the municipality's budget for such calendar month, as well as on the state of the budget cumulatively for the financial year to date.

This report must reflect the following:

- i) actual revenues per source, compared with budgeted revenues;
- ii) actual expenses per vote, compared with budgeted expenses;
- iii) actual capital expenditure per vote, compared with budgeted expenses;
- iv) actual borrowings, compared with the borrowings envisaged to fund the capital budget;
- v) the amount of allocations received, compared with the budgeted amount;
- vi) actual expenses against allocations, but excluding expenses in respect of the equitable share;
- vii) explanations of any material variances between the actual revenues and expenses as indicated above and the projected revenues by source and expenses by vote as set out in the service delivery and budget implementation plan;
- viii) the remedial or corrective steps to be taken to ensure that the relevant projections remain within the approved or revised budget; and
- ix) projections of the revenues and expenses for the remainder of the financial year, together with an indication of how and where the original projections have been revised.

- (b) The report to the National Treasury must be both in electronic format and in a signed written document.

## **12.2. Quarterly Reports**

- (a) The Mayor must submit to Council within thirty days of the end of each quarter a report on the implementation of the budget and the financial state of affairs of the municipality.

## **12.3 Mid-year budget and performance assessment**

- (a) The Accounting officer must assess the budgetary performance of the municipality for the first half of the financial year, taking into account all the monthly budget reports for the first six months, the service delivery performance of the municipality as against the service delivery targets and performance indicators which were set in the service delivery and budget implementation plan.
- (b) The Accounting officer must then submit a report on such assessment to the mayor by 25 January each year and to Council, Provincial Treasury and National Treasury by 31 January each year.
- (c) The Accounting officer may in such report make recommendations after considering the recommendation of the Chief Financial Officer for adjusting the annual budget and for revising the projections of revenues set out in the service delivery and budget implementation plan.

**13.** This policy has been approved by the Municipality in terms of Council resolution ..... dated ..... and takes effect on the effective date of the general valuation roll on 1 July 2019

. Approved by \_\_\_\_\_

*Mayor*

\_\_\_\_\_

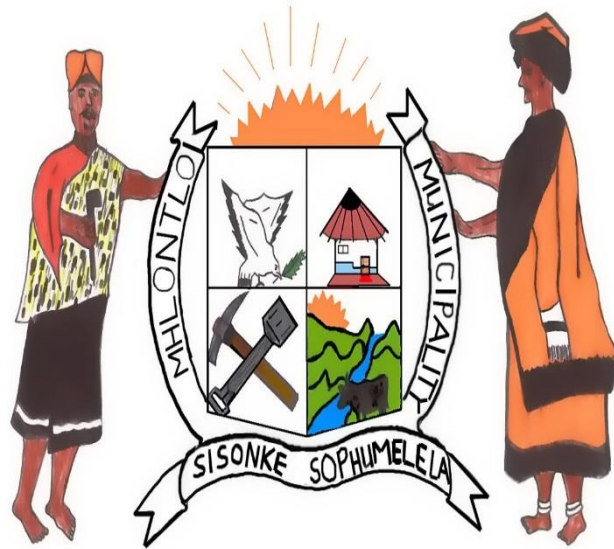
*Municipal Manager*

*Date*

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**MHLONTLO LOCAL MUNICIPALITY**





# **CREDIT CONTROL AND DEBT COLLECTION POLICY**

**(FOR IMPLEMENTATION ON 1 JULY 2019)**

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## MHLONTLO LOCAL MUNICIPALITY

### CREDIT CONTROL AND DEBT COLLECTION POLICY

#### **Preamble**

Whereas s152(1)(b) of the Constitution of the Republic of South Africa Act 108 of 1996 ('the Constitution') provides that one of the objects of local government is to ensure that the provision of services to communities occurs in a sustainable manner;

And whereas s153(a) of the Constitution provides that a municipality must structure its administration, budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community;

And whereas s195(1) of the Constitution provides that the public administration must be governed by the democratic values and principles enshrined in the Constitution, including:

- the promotion of the efficient, economic and effective use of resources;
- the provision of services impartially, fairly, equitably and without bias; and
- The fact that people's needs must be responded to.

And whereas s4(1) of the Local Government: Municipal Systems Act 32 of 2000 ('the Systems Act') provides that the Council of a municipality has the right to finance the affairs of the municipality by charging fees for services, imposing surcharges on fees, rates on property and to the extent authorised by national legislation, other taxes, levies and duties;

And whereas s5(1)(g), read with (2)(b), of the Systems Act provides that members of the local community have the right to have access to municipal services which the municipality provides, provided that, where applicable and subject to the policy for indigent debtors, pay promptly for service fees, surcharges on fees, other taxes, levies and duties imposed by the municipality;

And whereas s6(2)(c), (e) and (f) of the Systems Act provides that the administration of a municipality must take measures to prevent corruption; give members of a local community full and accurate information about the level and standard of municipal services that they are entitled to receive; and inform the local community about how the municipality is managed, and of the costs involved and the persons in charge;

And whereas Chapter 9, s95, 96, 97, 98, 99 and 100 of the Systems Act provides for Customer Care Management, Debt Collection responsibility of the municipality, contents of the policy and by-laws that give effect to the policy, supervisory authority and implementing authority.

The Credit Control and Debt Collection Policy of the Mhlontlo Local Municipality is hereby adopted by Council.

## **1. Purpose**

It is vital to the long term financial viability of the Mhlontlo Local Municipality that it collects the revenues (such as service charges, rates and taxes) due to it for services rendered. In terms of s96 of the Systems Act, a municipality:

- must collect all money that is due and payable to it subject to this Act and any other applicable legislation; and
- for this purpose, must adopt, maintain and implement a credit control and debt collection policy, which is consistent with rates and tariff policies and complies with the provisions of this Act. This means that appropriate credit control and debtors mechanisms must be maintained. The services provided by the Mhlontlo Local Municipality include electricity, refuse removal and other municipal services.

## 2. Definitions

Act	The Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) as amended from time to time
Arrangement	A written agreement entered into between the municipality and the debtor where specific repayment arrangements are agreed to
Arrears	Means those rates and service charges that have not been paid by the due date and for which no arrangement has been made
Authorised representative	Person or entity legally appointed by the Council to act or to fulfill a duty on its behalf
Accounting Officer	The person appointed as Accounting Officer in terms of s82 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) and include any person acting in that position or to whom authority was delegated
CFO	The person appointed as the Chief Financial Officer of the municipality, or his or her nominee
Council	The Municipal Council (as referred to in s157 of the Constitution) of the Mhlontlo Municipality established by part 7 of provincial notice 80, dated 27 September 2000
Credit control	All the functions relating to the collection of monies owed by ratepayers and the users of municipal services
Customer	Any occupier of any premises to which the municipality has agreed to supply or is actually supplying services, or if there is no occupier, then the owner of the premises and includes any debtor of the municipality
Defaulter	Any person who owes the municipality arrear monies in respect of rates and/or service charges
Engineer	The person in charge of the civil/infrastructure/technical and/or electrical department of the municipality
Equipment	A building or other structure, pipe, pump, wire, cable, meter, engine or any accessories

Interest	A charge levied with the same legal priority as service fees and calculated at a rate determined by the municipality from time to time on all arrear monies
Municipal account	An account rendered specifying charges for services provided by the municipality, or any authorised and contracted service provider, and/or assessment rates levies
Municipality	Refers to Mhlontlo Local Municipality
Municipal services	Those services provided by the municipality, such as, inter alia:  -the supply of electricity, refuse removal and other municipal services for which services charges are levied
Occupier	Any person who occupies any property or part thereof, without regard to the title under which he or she occupies the property
Owner	<p>The person in whom from time to time is vested the legal title to premises</p> <p>In a case where the person in whom the legal title is vested is insolvent or dead, or is under any form of legal disability whatsoever, the person in whom the administration of and control of such premises is vested as curator, trustee, executor, administrator, judicial manager, liquidator or other legal representative</p> <p>In a case where the Council is unable to determine the identity of such person, a person who is entitled to the benefit of such premises with a building thereon</p> <p>In the case of premises for which a lease of 30 years or more has been entered into, the lessee thereof</p> <p>In relation to:</p> <p>A piece of land delineated on a sectional plan registered in terms of the Sectional Titles Act 1986 (Act 95 of 1986), and without restricting the above the developer or the body corporate in respect of the common property; or</p> <p>A section as defined in such Act, the person in whose name such a section is registered under a sectional title deed and includes the lawfully appointed agent of such a person</p>

	<p>Any legal person including but not limited to:</p> <p>i) A company registered in terms of the Companies Act, 1973 (Act 61 of 1973), a trust, a closed corporation registered in terms of the Closed Corporations Act, 1984 (Act 69 of 1984) and a voluntary association;</p> <p>ii) Any department of State; any Council of Board established in terms of any legislation applicable to the Republic of South Africa;</p> <p>iii) Any Embassy or other foreign entity</p>
Premises	<p>Includes any piece of land, the external surface, boundaries of which are delineated on:</p> <p>-A general plan or diagram registered in terms of the Land Survey Act, 1927 (9 of 1927), or in terms of the Deed Registry Act, 1937 (47 of 1937); or</p> <p>-A sectional plan registered in terms of the Sectional Titles Act, 1986 (95 of 1986), which is situated within the area of jurisdiction of the Council;</p>



### 3. Principles

- 3.1 The administrative integrity of the municipality must be maintained at all costs. The democratically elected Councillors are responsible for policy making, while it is the responsibility of the Accounting Officer to ensure the implementation of the policies.
- 3.2 All customers must complete an official application form, formally requesting the municipality to connect them to service supply lines. Existing customers may be required to complete new application forms from time to time, as determined by the Accounting Officer.
- 3.3 A copy of the application form, conditions of services and extracts of the relevant Council's credit control and debt collection policy and by-laws must be handed to every customer on request at such fees as may be prescribed by Council.
- 3.4 Upon change of ownership, the municipality must advise the new owner in writing that the relevant policies are available at the municipality for their perusal.
- 3.5 All relevant billing is to be accurate, timeous and understandable.
- 3.6 The customer is entitled to reasonable access to pay points and to a variety of reliable payment methods.
- 3.7 The customer is entitled to an efficient, effective and reasonable response to appeals, and should suffer no disadvantage during the processing of a reasonable appeal.
- 3.8 Enforcement of payment must be prompt, consistent and effective.
- 3.9 Incentives and disincentives may be used in collection procedures as determined by Council from time to time.
- 3.10 The collection process must be cost-effective.
- 3.11 Results will be regularly and efficiently reported by the Accounting Officer and the Mayor.

3.12 Application forms will be used to, inter alia, categorise customers according to credit risk and to determine relevant levels of services and deposits required.

3.13 Targets for performance in both customer service and debt collection will be set and pursued and remedies implemented for non-performance.

#### **4. Duties and Functions**

##### **1.1. 4.1 Duties and functions of Council**

- To approve a budget consistent with the needs of communities, and residents.

- To impose rates and taxes and to determine service charges, fees, penalties and the interest rate on arrear debt to finance the budget.
- To facilitate sufficient funds to give access to basic services for the poor.
- To provide for a bad debt provision, in line with the payment record of the community, ratepayers and residents, as reflected in the financial statements of the municipality.
- To set an improvement target for debt collection, in line with acceptable accounting ratios and the ability of the Implementing Authority.
- To approve a reporting framework for credit control and debt collection.
- To consider and approve by-laws to give effect to the Council's policy.
- To monitor the performance of the Mayor (Supervising Authority) regarding credit control and debt collection.
- To revise the budget should Council's targets for credit control and debt collection not be met.
- To take disciplinary and/or legal action against Councillors, officials and agents who do not execute Council policies and by-laws, or act improperly in terms of such policies.
- To approve a list of attorneys/agents or 3<sup>rd</sup> parties appointed that will act for Council in all legal matters relating to debt collection.
- To delegate the required authority to monitor and execute the credit control and debt collection policy to the Mayor and Accounting Officer and/or Service Provider respectively.
- To provide sufficient capacity in the Municipality's Finance Department for credit control and debt collection alternatively to appoint a Service Provider, or debt collection agent.
- To assist the Accounting Officer in the execution of his or her duties, if and when required.
- To provide funds for the training of staff.

#### **1.2. 4.2 Duties and functions of the Mayor**

- To ensure that Council's budget, cash flow and targets for debt collection are met and executed in terms of the policy and relevant by-laws.
- To monitor the performance of the Accounting Officer in implementing the policy and by-laws.
- To review and evaluate the policy and by-laws in order to improve the efficiency of Council's credit control and debt collection procedures, mechanisms and processes.
- To report to Council.

#### **1.3. 4.3 Duties and functions of the Accounting Officer**

- To implement good customer care management systems.
- To implement Council's credit control and debt collection policy.
- To install and maintain an appropriate accounting system.
- To bill customers.
- To demand payment on due dates.
- To raise penalties and interest for defaults, as determined by Council from time to time.
- To appropriate payments received.
- To collect outstanding debt.
- To provide different payment methods.
- To determine credit control and debt collection measures.

- To determine all relevant work procedures for, inter alia, public relations, arrangements, disconnections of services, summonses, attachments of assets, sales in execution, write-off of debts, sundry debtors and legal processes.
- To instruct attorneys to proceed with the legal process (i.e. attachment and sale in execution of assets, emolument attachment orders, etc.).
- To set performance targets for staff.
- To appoint staff to execute Council's policy and by-laws in accordance with Council's staff policy.
- To delegate certain functions to heads of departments.
- To determine control procedures.
- To monitor contracts with service providers in connection with credit control and debt collection.
- To report to the Mayor.

#### **1.4. 4.4 Duties and functions of Communities, Ratepayers and Residents**

- To fulfill certain responsibilities, as brought about by the privilege and or right to use and enjoy public facilities and municipal services.
- To pay service fees, rates on property and other taxes, levies and duties imposed by the municipality.
- To observe the mechanisms and processes of the municipality in exercising their rights.
- To allow municipal officials access to their property to execute municipal functions at a time that is agreeable by the consumer and municipal officials.
- To comply with the by-laws and other legislation of the municipality.
- To refrain from tampering with municipal services and property.

#### **1.5. 4.5 Duties and functions of Councillors**

- To hold regular ward and community meetings.
- To adhere to and convey Council policies to residents and ratepayers.
- To adhere to the Code of Conduct for Councillors.
- Ward Committees and Councillors will act in terms of roles and functions as approved by Council.

### **5. Area of Application**

This policy applies throughout the demarcated area of Mhlontlo Municipality, where the municipality is providing services and/or charges rates on property.

### **6. Application for Services**

- A consumer who requires the provision of municipal services must apply for the service from the municipality.
- The application for the provision of municipal services must be made by the registered owner of an immovable property.

- The municipality will not entertain an application for the provision of municipal services from a tenant of a property, or any other person who is not the owner of the property.
- The only exception to the above is that individuals and businesses with lease agreements to lease properties from the municipality and government departments will be allowed to open an account in the name of the lessee of the property
- An agent may with a proxy open an account in the name of the owner.
- The application for the provision of municipal services must be made in writing on the prescribed application form that is provided by the municipality.
- By completing the prescribed application form for the provision of municipal services the consumer of services enters into an agreement with the municipality.
- The agreement with the municipality must make provision for the following: -
  - An undertaking by the owner that he or she will be liable for collection costs including administration fees, interest, disconnection and reconnection costs, and any other legal costs occasioned by his or her failure to settle accounts by the due date on an attorney / client basis;
  - An acknowledgement by the owner that accounts will become due and payable by the due date notwithstanding the fact that the owner did not receive the account; and
  - That the onus will be on the owner to ensure that he or she is in possession of an account before the due date.
  - An undertaking by the municipality that it shall do everything in its power to deliver accounts timeously.
- The application for the provision of municipal services shall be made at least ten (10) days prior to the date on which the services are required to be connected.
- On receipt of the application for provision of municipal services, the municipality will cause the reading of metered services linked to the property to be taken on the working day preceding the date of occupation.
- The first account for services will be rendered after the first meter reading cycle to be billed following the date of signing the service agreement.
- No rates clearance certificate will be provided to a new owner of any property unless the agreement is signed by the new owner.

## **7. Deposits and Guarantees**

- On application for the provision of municipal services the consumer deposit prescribed by council shall be paid.
- A guarantee in lieu of a deposit will be accepted on application for the provision of municipal services by a business in terms of the prevailing conditions determined by the Municipal Manager at the time of the application.
- Existing consumers moving to a new address are required to pay the prescribed consumer deposit on application for the provision of municipal services at the new address.
- The minimum deposit payable is determined annually by Council and is contained in the tariff book produced annually.
- The consumer deposit paid on application for the provision of municipal services must be reviewed annually and may be increased or decreased upon written notice to consumers.

- The deposit will be the equivalent of one month's charge for all municipal services supplied, however this may be increased if it is determined that the consumer is a credit risk.
- On termination of the supply of services the amount of the deposit less any payment due to the municipality will be refunded to an account holder, provided that payments due are less than the deposit paid, and that the account holder has provided a forwarding address.
- If the chief financial officer intends increasing the minimum deposit payable by the owner, then he or she shall, in the aforesaid notice, state full reasons for the increase, and allow the owner an opportunity to make written representations in this regard.
- An aggrieved owner may, within a period of 21 (twenty one) days of having been notified of an increase in the minimum deposit payable, lodge an appeal against the decision of the chief financial officer with the municipal manager.
- The municipal manager shall, in his or her capacity as the appeal authority, consider the appeal, and confirm, vary or revoke the decision of the chief financial officer, within a reasonable period.
- The chief financial officer may, in respect of business premises, accept an irrevocable bank guarantee in lieu of a deposit.

## **8. Accounts and Billing**

- The municipality shall provide all customers with a monthly consolidated account for municipal service rendered, which account shall be generated on a monthly basis in cycles of approximately thirty (30) days.
- The monthly consolidated account can include property rates charges, in which case they shall comply with section 27 of the Municipal Property Rates Act No. 6 of 2004.
- All accounts rendered by the municipality shall be payable on the due date.
- Account balances which remain unpaid 30 days after the due date shall attract interest on arrears, irrespective of the reasons for non-payment.
- All accounts are payable as above regardless of the fact that the customer has not received the account, the onus being on the customer to obtain a copy of the account before the due date.

## **9. Rates and Refuse Charges**

- Rates and refuse charges shall be billed annually or monthly, as agreed by the municipality with the customer.
- Property rates and refuse charges which are levied annually shall be billed in terms of the July account of each year.
- Property rates and refuse charges which are levied on a monthly basis shall be billed in terms of monthly accounts.
- The tariffs to calculate property rates and refuse charges are determined annually, approved by Council and contained in the tariff book produced by the municipality.

## **10. Sundry Debtor Accounts**

- Sundry debtor accounts may be rendered by the municipality from time to time.
- Any sundry debtor account shall be included in the monthly consolidated account produced by the municipality.

## **11. Valuation of Properties**

All properties within the boundaries of Mhlontlo Municipality are to be valued in terms of the legislation applicable to the valuation of properties for the purpose of levying property rates.

## **12. Payment of Accounts**

- All accounts rendered by the municipality are due and payable on the due date.
- All payments, whether made by cash, stop order, electronic payments or payments made through agents must be receipted by the municipality by the close of business on the due date. Cheques will not be accepted as payment of an account except in the case of rates and service charges (all other payments must be made by a bank guarantee cheque). Where a cheque has been dishonoured the person issuing the cheque shall not be allowed to pay by cheque in future.
- Accounts rendered by the municipality can be paid at any municipal cashier office and any other pay point as determined by the Municipal Manager from time to time.
- The payment methods and facilities supported by the municipality can be used to make payments on accounts.
- Payments received in respect of rates and service charges will be allocated by the municipality entirely within its discretion, on the account of the debtor.
- Part payment received on an account shall be allocated firstly to reduce any penalty charges that may have accrued on the account.
- An official receipt issued by the municipality will be the only proof of payments made.

## **13. Interest on Arrear Debt**

- Account balances which remain unpaid after the due date shall attract interest irrespective of the reason for non-payment.
- The following categories of arrear debt shall not attract interest on arrears: -
  - Indigent debt.
  - Closed accounts.
  - Deceased estates.
  - Insolvent estates.
  - Debtors under administration (administration portion only).
  - The first 30 days after delivery date for all service arrears.
- Interest on arrear debt shall be calculated for each month for which such payment remains unpaid and part of a month shall be deemed to be a month.
- No interest shall be charged on any outstanding amounts in respect of which an agreement had been concluded for the payment by way of installment thereof, provided the installment is paid in full by the due date.

## **14. Recovery of Rates from Owners, Tenants, Occupiers and Agents**

- The municipality may utilise the procedures prescribed in terms of section 17 to recover rates arrears from the owner of immovable property.
- Alternatively, the municipality may recover rates arrears in whole or in part from a tenant or occupier of the immovable property, despite any contractual obligation to the contrary on the tenant or occupier. The municipality may recover an amount only after the municipality has served a written notice on the tenant or occupier.'
- The amount the municipality may recover from the tenant or occupier of a property is limited to the amount of rent or other money due and payable, but not yet paid, by the tenant or occupier to the owner of the property.
- Any amount the municipality recovers from the tenant or occupier of the property must be set off by the tenant or occupier against any money owed by the tenant or occupier to the owner.
- The tenant or occupier of a property must, on request by the municipality, furnish the municipality with a written statement specifying all payments to be made by the tenant or occupier to the owner of the property for rent or other money payable on the property during a period determined by the municipality.
- The municipality may, despite the Estate Agents Affairs Act 1976, recover the amount due for rates on a property in whole or in part from the agent of the owner, if this is more convenient for the municipality.
- The municipality may recover the amount due for rates from the agent of the owner only after it has served a written notice on the agent.
- The amount the municipality may recover from the agent is limited to the amount of any rent or other money received by the agent on behalf of the owner, less any commission due to the agent.
- The agent must, on request by the municipality, furnish the municipality with a written statement specifying all payments for rent on the property and any other money received by the agent on behalf of the owner during a period determined by the municipality.
- The municipality must provide an owner of a property in its jurisdiction with copies of accounts sent to the occupier of the property for municipal services supplied to the property if the owner requests such accounts in writing from the municipality.

## 15. Debt Collection

- Handover of debt to debt collectors
  - Debts which have been outstanding for more than 60 days from due date shall be handed over to debt collectors appointed by the municipality for the purposes of collecting such debt.
  - If the debt collectors are unsuccessful in collecting the debt within 90 days of same being handed over, the debt may be handed over to attorneys for legal action.
  - Only the municipal manager may hand over debts to attorneys for collection, and the Municipal Manager shall hand such debts over to attorneys for collection if they have not been collected by debt collectors within the aforementioned period of 90 days, unless the Municipal Manager is of the opinion that it shall not be cost effective to do so.
  - If the Municipal Manager is of the opinion that it is appropriate to do so (such as in cases of urgency), he or she may hand over debts for collection to attorneys at any time prior to the expiration of any of the periods referred to above and without first handing them to debt collectors.



- The following types of debt will not be handed over to debt collectors.
  - (i) Debts of indigent debtors that are registered as indigent at the date of handover.
  - (ii) Government debt.
  - (iii) Debt that is being paid off as per an arrangement with the debtor.
  - (iv) Debt that has not been under internal query for at least two months.
- The process of collecting debt by debt collectors includes: -.
  - (i) The phoning of debtors.
  - (ii) Sending out demand letters.
  - (iii) Making arrangements with debtors to pay off debt in terms of the Council's credit control and debt collection policy.
  - (iv) Making follow-up contact with debtors on unpaid arrangements.
- Handover of debt to Attorneys for legal collection
  - Debt that could not be collected by the debt collectors and debt that requires urgent legal attention will be handed over to attorneys for legal collection.
  - The following types of debt will not be handed over to attorneys: -
    - (i) Debt of approved indigent debtors that has not yet been written off by the council.
    - (ii) Debt that is being paid off as per an arrangement with the debtor.
    - (iii) Debt that has not been under internal query for at least two months.
  - The process of legal collection includes: -
    - (i) Final demands for payment to debtors.
    - (ii) Emolument attachment orders on debtor's salaries.
    - (iii) Summons issued for debt to be paid.
    - (iv) Default judgment be obtained against the debtor.
    - (v) The attachment of moveable properties and sale in execution of moveable property
    - (vi) The attachment of immoveable property and the sale of immoveable property.
- Section 118 of the Local Government: Municipal Systems Act No 32 of 2000
  - The municipality will issue a certificate required for the transfer of immovable property in terms of Section 118 of the Local Government: Municipal Systems Act No 32 of 2000,

which is lodged with the municipality in the prescribed manner.

This is subject to all amounts that became due in connection with that property for municipal service fees, surcharges on fees, property rates and other municipal taxes, levies and duties during the two years preceding the date of application for the certificate have been fully paid.

- Debt older than two years on the property irrespective of whether the owner of the property accumulated the debt will also have to be paid by the owner before the transfer of the property can be affected.
- If the owner refuses to pay the debt which is older than two years then the municipality will apply to a competent Court for an order in the following terms: -
  - (i) In the case where there is already a judgment for the payment of the amount, an order that the judgment debt be paid out of the proceeds of the sale, before the mortgage debt is settled.
  - (ii) In the case where there is no judgment debt, for an order staying transfer of the property pending the finalisation of a civil action to be instituted against the person who is in law liable for the payment of the outstanding debt.
  - (iii) The above action must be taken before the property is transferred as the statutory lien created by Section 118(3) of the Act only endures until the property has been transferred and in terms of Section 118(5) of the Act the new owner of the property cannot be held liable for the debt that became due before a transfer of a residential property took place.
- Other debt collection methods
  - The debt collection methods mentioned in the paragraphs above are not an exhaustive list of methods that can be applied to collect debts and any other methods that can be initiated will be implemented with the approval of Council.
- Debt Collection Costs
  - Any costs, which include collection costs, charges, disbursements and legal costs relating to any of the debt collection methods applied to collect the debt will be debited to the account of the defaulting debtor.

## **16. Arrangements to pay Arrear Debt**

- **A** **Introduction**
  - One of the key objectives of debt collection is to encourage debtors to start paying their monthly accounts in full. In addition it is also necessary to ensure that arrear debt is addressed. The current average balances on consumer accounts necessitates that innovative ideas be implemented to encourage consumers to pay off their arrears. At the same time it is also of utmost importance that regular payers not be discouraged through the implementation of any possible incentives.
  - The main aim of an agreement will be to promote full payment of the current account and to address the arrears on a consistent basis.

- A debtor may enter into a written agreement with the Municipality to repay any outstanding and due amount to the Municipality under the following conditions: -
  - (a) The outstanding balance, costs and any interest thereon shall be paid in regular and consecutive monthly installments;
  - (b) The current monthly amount must be paid in full; and
  - (c) The written agreement has to be signed on behalf of the Municipality by a duly authorised officer.
- In order to determine monthly installments a comprehensive statement of assets and liabilities of the debtor must be compiled by a treasury official. To ensure the continuous payment of such arrangement the amount determined must be affordable to the consumer, taking into account that payment of the monthly current account is a prerequisite for concluding an arrangement.
- ***B     Arrangements to Pay Outstanding and Due Amounts in Consecutive Installments – Residential Households***
  - Implementation of the following principles **(as a once off initiative and only valid for a specified period as determined by Council)** could enhance the success of debt collection to a great extent: -
    - (a) Outstanding debt of 180 days and older

Where a debtor pays 50% capital on his/her arrear account the other 50% capital and all the interest accumulated will be written off immediately from the provision for bad debt.

Where arrangements are made to pay off the arrear amount in installments, such an arrangement should be honoured for at least a six-month consecutive period where after capital arrears will be written off on a monthly basis on a rand for rand basis (for every one-rand capital that is paid one rand capital will be written off from the provision for bad debt). Upon paying the total capital owed all the interest accumulated will be written off immediately from the provision for bad debt.
    - (b) Outstanding debt between 90 days and 180 days

Capital arrears will be written off on a 50% basis (for everyone rand that is paid fifty cents will be written off from the provision for bad debt). Upon paying the total capital owed all the interest accumulated will be written off immediately from the provision for bad debt.

Where arrangements are made to pay off the arrear amount in installments, such an arrangement should be honoured for at least a six-month consecutive period where after arrears will be written off.
    - (c) Outstanding debt between 30 days and 90 days

Where a debtor pays 100% on his/her capital arrear debt, all the interest accumulated will immediately be written off from the provision for bad debt.

Where arrangements are made to pay off the arrear amount in installments, such an arrangement should be honoured for at least a six-month consecutive period where after interest will be written off on a monthly basis on a rand for rand basis (for every one rand capital that is paid one rand interest will be written off until such time that all the interest has been written off from the provision for bad debt).

- A consumer who cannot pay their arrear debt may enter into an arrangement to pay the account over an extended period of time.
- During the time of the debt collection process, but before the debt is handed over to the attorneys a consumer may enter into an arrangement to pay off arrear debt.
- No arrangements will be entertained by attorneys on a debt that has been handed over for legal collection.
- The municipality will entertain only one arrangement with a consumer to pay off arrear debt.
- The consumer by signing the arrangement agreement to pay off arrear debt acknowledges the following: -

(a) The debt is owed to the municipality.

(b) That on default of the arrangement agreement, interest on arrears will be charged on the amount due, electricity supply will be disconnected to the property of the consumer or the consumer will be blocked from the purchase of electricity on the prepayment system, and legal proceedings will be instituted to collect the debt.

(c) That the consumer will be liable for all costs, which includes legal costs incurred to collect the debt.

- **C Arrangements by Businesses**

- At the date of the arrangement a minimum of 50% of the capital arrear debt must be paid immediately.
- After the payment of 50% of the capital arrear debt, 50% of the interest accumulated will be written off from the provision for bad debt.
- The balance of the debt which includes the capital amount and interest must be paid over a 6 to 12-month period on an interest free basis provided payments are made monthly by the due date.
- The total monthly installment must include the current monthly charges plus the amount to pay off arrear debt.
- Arrangement by businesses to pay off arrear debt will only be entertained for debt on which debt collection actions have been taken and which actions are in an advanced stage. Failure to maintain the arrangement will result in interest being reversed and full debt collection being implemented, with no possibility of reprieve.
- Any arrangement outside of the foregoing must be approved by the Municipal Manager. This function cannot be delegated.

## **17. Indigent Debtors**

- An account holder (consumer) may apply, in the prescribed manner, to be regarded as an indigent debtor as defined in the Indigent Policy approved by the council.
- Any person who has been declared indigent shall be entitled to indigent subsidies for basic services on a basis determined by Council from time to time.
- The approved account holder shall remain responsible for any outstanding amount at the date of application as well as for future charges.
- The arrears on the accounts of households, approved as indigent, will be submitted to Council to be written off in full (including any interest charged) after the expiry of six months being registered as an indigent. This submission will only be valid as a once-off exercise after approval and will not be applicable for future consumption in excess of the approved subsidy accumulated.
- Indigent consumers must have their credit electricity meters converted to prepayment electricity meters.
- Indigent consumers with credit electricity meters are required to pay their current monthly account, which is the amount after the indigent subsidy has been deducted, every month by the due date, until the conversion to a prepaid meter has been made.

## **18. Debt of Absconded Owners**

- The occupant of the property must sign an agreement in which the occupant agrees to pay all property rates and service charges that are to be raised on the property of the absconded registered owner's property.

## **19. Staff and Councillors – Payment of Arrears**

- In terms of section 12A of Schedule 1 of the Local Government: Municipal Systems Act, Act no 32 of 2000 as amended, a councillor may not be in arrears to the municipality for rates and service charges for a period longer than 3 (three) months.
- In terms of section 10 of Schedule 2 of the Local Government: Municipal Systems Act, Act no 32 of 2000 as amended, a staff member of a municipality may not be in arrears to the municipality for rates and service charges for a period longer than 3 (three) months, and a municipality may deduct any outstanding amounts from a staff member's salary after this period.
- Councillors and officials will also be subject to credit control actions as per this policy.
- All new staff joining the municipality must within thirty (30) days sign an agreement to pay arrears.

## **20. Administration Orders – Payment of Arrears**

- On notification that an order for administration, in terms of section 74 of the Magistrates Court Act, 1944, has been granted, Council will manage the debt that is part of the administration order separately to the current account.
- The debtor will be responsible for the payment of the current monthly account and if the debtor defaults on the payment of the account, debt collection action will be implemented.

## **21. Communication**

- The Credit Control and Debt Collection policy will be available and will be communicated in workshop with the community.
- Councillors must from time to time, address ward committees and community meetings on the contents of the policy and any amendments thereto.

## **22. Payment Facilities and Methods**

- Municipal payment and enquiry facilities will be maintained subject to acceptable levels of activity when compared to the operational costs. The Accounting Officer or his or her designate has the discretion to open and close offices as required.
- The consumer acknowledges that any agent used for transmitting payments to the municipality is at the risk and cost of the consumer. In addition, the consumer must take into account the transfer time of the particular agent.
- Account payments may be made to municipal cashier office, pay point/s, by stop/debit order. The municipality shall actively monitor the effectiveness of pay facilities, methods and convenience for consumers.
- Payments received in respect of rates and service charges will be allocated by the municipality entirely within its discretion, on the account of the debtor.

## **23. Enquiries and Appeals**

- The enquiries office at the municipality's service center may be contacted for all account enquiries
- Any resident or consumer who may feel aggrieved concerning his or her account may address a grievance to the Chief Financial Officer or visit any Customer Care Office provided by the municipality.
- A customer who has lodged an enquiry is not relieved of the responsibility to maintain regular payment of the account. An interim payment similar to the average account for the preceding three (3) months must be paid by the due date pending finalisation of the enquiry. Failure to make a payment will result in debt collection action being instituted against the customer.
- Depending on the nature of the enquiry and the resources available, the enquiry must receive a response within seven (7) days.
- If a customer has received a response and is still not convinced that the account is correct, the customer may lodge an appeal to the Accounting Officer for the resolving of the dispute.
- Such an appeal should receive response within fourteen (14) working days failing which the customer should be notified in writing of the reasons for the delay.

## **24. Tendering for Business**

The Supply Chain Management Policy and tendering conditions of the municipality will include the following:

- When issuing an invitation to tender for the provision of services or delivery of goods, potential contractors may submit tenders subject to a condition that consideration and evaluation thereof will necessitate that the bidder obtain from the municipality a certificate stating that all relevant municipal accounts owing by the bidder and/or its directors, owners or partners have been paid or that suitable arrangements (which include the right to set off in the event of non-compliance) have been made for payment of any arrears.
- No tender will be allocated to a person/contractor until a suitable arrangement for the repayment of arrears, has been made. No further debt may accrue during contract period.
- A condition allowing the municipality to deduct any moneys owing to the municipality from contract payments.

## **25. Theft and Fraud**

- The municipality does not condone theft and fraud of municipal services and will monitor the service networks for signs of tampering or irregularities.
- The Council may approve specific penalties and distinguish between cases of vandalism and theft.
- Subsequent acts of tampering may lead to a refusal to supply certain services for determined periods.
- Fraudulent access to or theft of municipal services after a disconnection or restriction in lieu of the implementation of this policy shall be regarded as criminal offence.

## **26. Reporting and Performance Management**

- The Chief Financial Officer shall report monthly to the Municipal Manager in a suitable format in terms of s71 of the Municipal Financial Management Act 56 of 2003, to enable the Accounting Officer to report to the Mayor as supervisory authority in terms of s99 of the Systems Act, read with s100(c). This report shall contain particulars on:
- Cash collection statistics, showing high-level debt recovery information (numbers of customers; enquires; arrangements; default arrangements; increase or decrease of arrear debtors' balances). Where possible, the statistics should ideally be divided into wards, business (commerce and industry), domestic, state, institutional and other relevant categories.
- If in the opinion of the Chief Financial Officer, the municipality will not achieve cash receipt income equivalent of the income projected in the annual budget as approved by Council, the Chief Financial Officer will report this with motivation to the Accounting Officer who will, if he agrees with the Chief Financial Officer, immediately move for an adjustment of the budget according to realistically realisable income levels.
- The Mayor as supervisory authority shall, at intervals of three (3) months, report to Council as contemplated in s99(c) of the Systems Act.

## **27. Income Collection Target**

- The long-term target is a debtor turnover ratio of 45 days, that is, debtors are expected to pay for services on average in a month and a half.

**28. Application of the Policy**

- The Council reserves the right to differentiate between different categories of consumers, debtors, services or service standards when applying this policy. The Council will on application of the credit control and debt collection policy avoid discrimination as forbidden by the Constitution unless it is established that the discrimination is fair as allowed by the Constitution..

**29. Implementation and Review of this Policy**

- This policy shall be implemented once approved by Council. All future credit control actions must be made in accordance with this policy.
- In terms of section 17(1)(e) of the MFMA this policy must be reviewed on annual basis and the reviewed policy tabled to Council for approval as part of the budget process.

**Signature**

**Date**

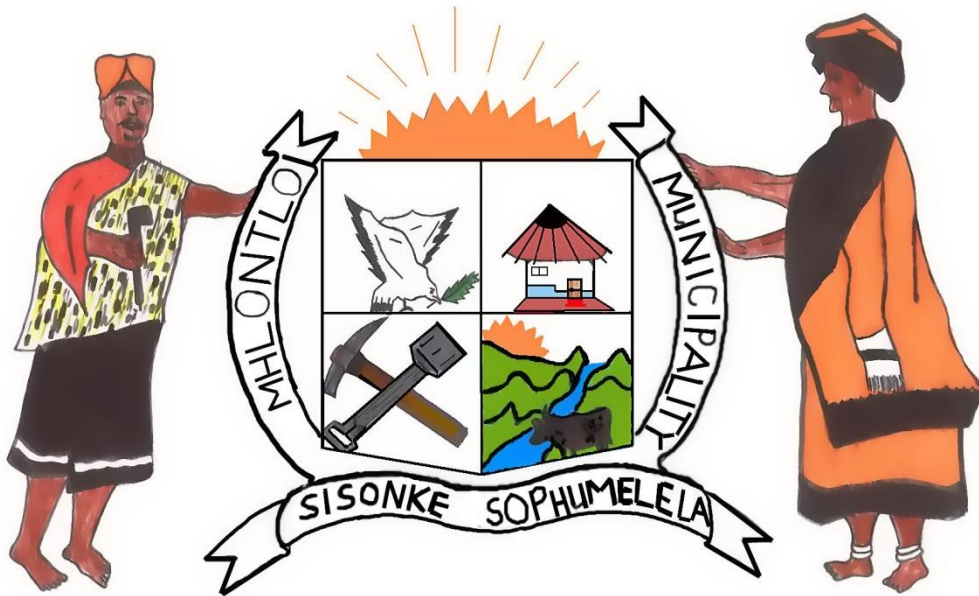
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\_\_\_\_\_  
**Municipal Manager  
Adopted by Council**

**Effective Date**

\_\_\_\_\_  
\_\_\_\_\_



# **FLEET MANAGEMENT POLICY**



**MHLONTLO LOCAL MUNICIPALITY**

**(FOR IMPLEMENTATION ON 1 JULY 2019)**

# **MHLONTLO MUNICIPALITY**

## **FLEET MANAGEMENT POLICY**

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### **1. Introduction**

There is always some confusion surrounding the use of Council owned vehicles and this document intends to clearly illustrate exactly what procedures are to be followed, who is allowed to use Council vehicles, which vehicles certain individuals may not utilize and other procedures regarding the efficient and effective use of Council owned vehicles.

This document must be adhered to at all times and should be used as a reference whenever any grey area arises in respect of the use of Council vehicles.

Not only are the Council's vehicles very expensive assets which must be safeguarded at all times, but they are also assets which incur a great deal of running costs. It is for these reasons that a vehicle usage policy is an extremely important policy document which enhances the control over assets by laying down the procedures to be followed in such a way that the Municipal Manager and the Heads of Departments are able to adequately control the running costs effected by vehicles and in so doing, prevent the unnecessary risk of Council incurring excessive expenses relating to its fleet.

A proper vehicle usage policy will ensure the effective and efficient utilization of the vehicle fleet of Mhlontlo Local Municipality. As with any other controls, a balance must be found between the cost of the controls and the value of the asset that are being controlled. The extent or perceived extent of abuse must also factor in a decision about which controls to implement.

The purpose of this document is, therefore, twofold:

Firstly to serve as a comprehensive tool for the users of motor vehicles, and secondly to enhance the internal control over the Council's assets thus minimizing the risk of unnecessary expenditures.

In the event that clarity not being obtained on any specific issue relating to vehicle usage, and this policy document is silent on the issue, the Municipal Manager and the Chief Financial Officer should be consulted and the document amended subject to Council approval.

## **2. Staff traveling and re-imbursement of expenditure**

The following allowances for re-imbursement of expenditure will be granted to the following positions within the Municipality:

### **Municipal Manager, Directors, Deputy Directors and Assistant Directors**

Traveling expenditure will be reimbursed at a rate as approved by council. The reimbursement will only be made if the travel has been pre-approved by the Head of Department and this must be obtained prior to any business travel.

The official employed in any of the positions of the Municipal Manager, Director, Deputy Director and Managers are strictly prohibited from driving and utilizing any municipal vehicles.

In the event that a municipal vehicle is traveling to a specific destination, and the abovementioned officials are due to the same destination, the abovementioned officials' will not be entitled to any reimbursement for travel in their own vehicles, subject to, that there is sufficient space in the municipal vehicle to accommodate all destined for the same destination.

In the event that any two or more of the abovementioned officials be traveling to the same destination, not more than one vehicle must be used, subject to, that there is sufficient space in one vehicle.

### **Technicians**

Council owned vehicles will be provided for use by these officials from Monday to Friday.

## **All other staff**

All other staff members are to utilize the Council pool vehicles in the event that they are required to travel to any destination on Council business. The procedures laid down for the booking and usage of Council owned vehicles as outlined in paragraph 5.1 must be adhered to.

### **3. Vehicle Usage Policy**

#### **5.1 Vehicle reservation procedure**

In the event that any staff member requires the use of a pool vehicle, they must reserve the vehicle at least two days before the scheduled use thereof. The staff member must contact the departmental head and communicate the fact that he needs to use the vehicle and the following procedures must be adhered to:

Verbally(must be in writing in the form of memo) the Head of Department in which the staff member works that he will be away from the office for whatever reason, including the expected amount of time he believes he will be out of the office. (At least two days before the scheduled use).

Verbally(must be in writing in the form of memo) inform the Head of Department which has control over the vehicle that he intends to use the vehicle and would therefore like to reserve the vehicle. (At least two days before the scheduled use).

There must be a reservation for an ad hoc basis but there must be a proof.

Fill out the required "Vehicle Reservation Form" and hand it to the Head of Department who has control over the vehicle. Copy of the vehicle reservation form has been attached as Annexure A. The form must be handed to the Head of the Department controlling the vehicle at least two days before the schedule use.

After steps A to C have been completed, the vehicle will be deemed to have been reserved and the keys should be collected from the Head of Department controlling the vehicle the evening before the scheduled use.

In the event that there are any problems experienced with the reservation procedure, the Municipal Manager must be informed immediately in order that he may resolve the issue.

The staff member (there should be no staff member who should drive municipal vehicles other than the municipal driver) is now free to utilize the vehicle on the specified date and will only be authorized to utilize the vehicle for the period stipulated on the vehicle registration form. In the event that there are any deviations from the details stipulated on the form, the staff member will be subject to a disciplinary hearing in terms of the Council's Conditions of Employment, unless the staff member can provide adequate representations in respect of the deviations.

## **5.2 Vehicle usage control sheets**

Every time a pool vehicle is utilized, the staff member, having completed all the procedures as listed in 4.1 above, must complete a vehicle usage control sheet on the day that the vehicle is to be used. The vehicle usage control sheet must include details of the staff member using the vehicle, the destination, date of use, opening and closing odometer reading, number of kilometers traveled, the purpose of the travel and the necessary authorizations.

(A copy of the vehicle usage control sheet has been attached as Annexure B).

The vehicle usage control sheet must be consecutively numbered and must be handed to the Head of Department controlling the vehicle prior to the actual use of the vehicle.

The vehicle control sheet must be completed in full and if not, use of the vehicle must be refused by the Head of Department controlling the vehicle.

Vehicle usage control sheets must be filed in numerical order and kept in the Department which controls the vehicle.

## **5.3 Vehicle usage authorization procedure**

The vehicle usage control sheet must be authorized by both the Head of Department in which the staff member requiring use is employed and the Head of Department which controls the vehicle. This authorization will take the form of a signature on the vehicle usage control sheet and all authorizations must be obtained prior to the actual use of the vehicle.

The Heads of Department should always ensure that all the details on the vehicle usage control sheet are accurate and this includes the odometer readings at the start and end of the specific travel. The Heads of Department are responsible for ensuring that all details are correct and, in the event that there are discrepancies in any of the information, should question the applicant and, if necessary, carry out

disciplinary procedures in the event that there has been deliberate falsification in the information provided on the vehicle usage control sheet.

The Municipal Manager must be informed, immediately, in the event that unexplained discrepancies arise and corrective measures should be taken to adjust, if necessary, the historical information on the vehicle usage control sheet. Any adjustment made in accordance with this paragraph must be fully documented, including the date, the month of the adjustment and the reasons for the adjustment. Any adjustments made to any of the vehicle usage control sheet may only be authorized by the Municipal Manager.

#### **5.4 Vehicle Usage Restrictions**

All vehicles are the property of Mhlontlo Local Municipality and as such, are public assets, funded from public monies. The Council has been entrusted with the efficient, effective and economical usage of these public monies and are therefore liable for any loss or damage suffered as a result of negligence or abuse.

The use of Council owned vehicles thus extends this liability to the users of the vehicles and, as such, all users of municipal vehicles are to take every precaution to ensure that no loss or damage occurs whilst they are in possession of the vehicle. It may occur, from time to time, that incidents occur which are not as a result of negligence or abuse and these must be reported to the Municipal Manager immediately utilizing the loss or damage report sheet (Annexure C) and the insurance procedures listed under Section 5 must be followed.

In the event that any damage or loss is incurred whilst an employee is in possession of a vehicle, this must be reported immediately to the Head of Department that controls the vehicle, and the Municipal Manager. If it is proved that the loss has been suffered through negligence or abuse by the vehicle user, disciplinary action must be taken.

It is the responsibility of each and every person, requiring the use of a pool vehicle, that an inspection of the vehicle prior to the acceptance thereof be undertaken. This will ensure that damages are not left unreported and will further ensure that individuals are not wrongly accused of causing the damage.

The Council vehicles are to be used for official Council business only and may not be used for any other purposes. Under no circumstances will staff members be allowed to utilize Council vehicles for private business.

## **5.5 Vehicle Security**

Vehicle security is extremely important as it is one of the chief safeguards in the protection of Council vehicles. The following procedures must be followed for all Council owned vehicles:

### **5.5.1 Parking of Municipal Vehicles**

All Council owned vehicles must be locked and stationed at the Council premises every evening, on week-ends and during public holidays. The Council premises are manned by security guards and this is the main deterrent against theft of the vehicles.

### **5.5.2 Tracking Devices**

Tracker devices can also be a great help. It is firstly a great assistance in finding stolen vehicles and also as a tool to reduce insurance costs. Although, currently, Council vehicles are fitted with these devices, this option is considered very expensive, and largely ineffective for general fleet control measures, unless area maps accurately indicating areas which employees are allowed to travel in are available in the correct electronic format and a dedicated person is available to analyze the data on a regular basis.

## **6. Administrative Matters**

### **6.1 Acquisition of vehicles**

The respective Departmental or Divisional Head must identify the need for a vehicle.

As soon as the need is identified, a report for preliminary approval is to be submitted to the relevant Portfolio Committee. A report should contain the following information:

- i. A full motivation
- ii. Indicate whether the purchase of the vehicle will result in the improvement of the service in the area
- iii. Indicate whether the purchase will result in income generation, the estimated additional income that will be generated directly as a result of the acquisition thereof
- iv. Description of use and predicted percentage of utilization
- v. Recommended type of vehicle
- vi. Minimum specifications of vehicle
- vii. Cost implications for Council: Capital, running costs and insurance



- viii. Full particulars regarding the driver/operator of the vehicle
- ix. Comments from the:

**Director: Corporate Services** regarding the type of vehicle and specifications and cost efficiency regarding specific use intended and suitability as pool vehicle

**Chief Financial Officer** regarding financial implications

- i. Alternative ways of meeting the need for transport
- ii. Comment on the possibility of replacement with a second hand vehicle
- iii. Evaluation of the need, suitability of type of vehicle, cost effectiveness and recommendation of the Fleet Management Committee

When preliminary approval has been obtained, the matter is referred to the Executive Committee for approval.

## **6.2 Replacement of Vehicles**

6.2.1 The procedure for the replacement of vehicles is the same as that for the purchase of the vehicle but the following additional information must be provided:

- i. Details of the vehicle to be replaced
- ii. Full motivation for reasons of replacement
- iii. Report by Director: Corporate Services on general condition of the vehicle and its repairs history including standing time for past two years
- iv. Percentage of utilization for the past year.

6.2.2 The vehicles of political office bearers should be replaced after five (5) service intervals and the procedure in 6.2.1 above to be followed when replacing such vehicles.

## **6.3 Replacement of stolen vehicles written offs in accidents**

The procedure for the replacement of stolen vehicles or vehicles written off in accidents is the same for the replacement of the vehicles except that because of the possible urgency of the matter, the Director: Corporate Services shall call a special meeting to consider the replacement.

## **6.4 Tenders for the purchase of new or the sale of redundant vehicles**

- i. As soon as a resolution to purchase or replace a vehicle has been taken, a staff member designated by the Director: Corporate Services that works in his department will:
  - a. Publish, in consultation with the Director: Corporate Services, a suitable invitation to provide or purchase in the local press;
  - b. Ensure that the necessary specification accordingly to the approval is available to all interested parties;
  - c. Ensure that the Council's tender procedures are followed;
  - d. In the case of disposing of or purchasing a vehicle ensure that the necessary change of ownership form are completed reflecting the name and address of the successful bidder;
  - e. In the case of disposing of a vehicle, arrange for the receipt of the tender amount in cash or bank guaranteed cheque by a representative of the Finance Department;
  - f. Submit under cover of a registered letter a copy of the change of ownership form duly completed and signed on behalf of both parties, to the registration authority;
  - g. Advise the Chief Financial Officer regarding the sale of the vehicle requesting its removal from the Asset Register;
  - h. In the case of the purchase of the new vehicle, hand the tenders received to the representative of the Director: Corporate Services for report and recommendations.

## **6.5 Purchase of new or used vehicles**

- i. As soon as the tender for the supply of a new or used vehicle has been approved by the Council:
  - a. The Corporate Services Department will inform all tenderers in writing accordingly;
  - b. The Corporate Services Department will make the necessary arrangements for the delivery of the purchased vehicle;
  - c. The Corporate Services Department and a representative of the Chief Financial Officer will take delivery of the purchased vehicle and after inspection of the vehicle and the certificate of ownership and registration certificate and their approval thereof, the Corporate Services Department will take the documents including any warranties and guarantees as well as duplicate keys (including the duplicate keys of gear locks, de-activator and other safety devices) for safekeeping;
  - d. The Corporate Services Department will only hand over duplicate keys to any person or official on the strength of a written request giving full reasons for the request and the purpose the keys are

- required for by the Head of Department and only after the person has acknowledged receipt thereof in writing record which shall be kept by the Corporate Services Department;
- e. The Corporate Services Department must ensure that the keys are out of his/her control for a limited period only and any digression in this regard shall be reported to the Director: Corporate Services;
  - f. The representative from the Corporate Services Department will take the vehicle and one set of keys into possession and hand it over to the respective Department;
  - g. Prior to handing over the vehicle, the representative will convey the operational instructions of the particular vehicle to the representative of the receiving department who must ensure that such directions are strictly adhered to;
  - h. In the case of the purchase of a second hand vehicle, the Corporate Services Department will:
    - a. Arrange for an official of the Council to be present when the vehicle is presented for SAP clearance, and
    - b. Ensure that clearance from the seller financial institution or the supplier to the seller regarding any outstanding moneys is obtained.
  - i. The Accountant: Expenditure will be requested to make the necessary payment to the supplier provided that, in the case of a second hand vehicle, any monies still outstanding by the seller will first be settled direct to the financier;
  - j. The Chief Financial Officer will ensure that the particulars of the new vehicle are entered into and that any sold vehicle is delete from the Asset Register of the Council;
  - k. The Director: Corporate Services or any person nominated by him will not effect any repairs to a newly acquired vehicle until confirmation that the guarantee/maintenance plan has expired; All liaison between the supplier and the Council regarding repairs to be done under guarantee/maintenance plan shall take place through the Director: Corporate Services or any person nominated by him.

## **7. Administrative Arrangements**

### **Change of ownership**

The Corporate Services Department will:

1. Enter particulars of the vehicle ownership certificate into the Sureties Register and will ensure the safe keeping thereof;

- b. In the case of the disposal, theft or scrapping of a vehicle, endorse the Surety Register accordingly, and
- c. File the original copy of the change of ownership certificate and in the case of disposal, theft or scrapping forward a copy thereof by registered mail to the vehicle licensing authority, and inform the Chief Financial Officer or any person nominated by him of the sale, theft or scrapping.
- d. The Accountant: Expenditure will in the case of a new (or second hand) vehicle on delivery:
- e. Immediately arrange sufficient insurance cover for the vehicle;
- f. Allocate a unique maintenance, fuel and licensing vote numbers to that specific vehicle and release the vote numbers to the operating department. In the case of a new vehicle or a vehicle under guarantee, the activating of the maintenance vote will be held in abeyance until the guarantee period is expired.
- g. Include the particulars of the licensing renewal on the schedule of license renewals;

1. Arrange for the payment of the purchase price.

#### **Stolen Vehicles / Vehicles Written off in accidents**

- a. The Accountant Expenditure will in the case where a vehicle is stolen:

- b. Without delay submits the necessary insurance claim;
- c. Regularly follow up progress in settling the claim and keep the Departmental Head informed in this regard;
- d. In the case of settlement of the claim, inform the Head of Department and request the Corporate Services Department to act in terms of the above;
- e. Immediately on notification, de-activate the maintenance, fuel and licensing vote to the vehicle and inform the respective department and the Director: Corporate Services or any person nominated by him accordingly.

### **Annual Licensing**

- (d) The Director: Corporate Services or any person nominated by him will ensure that all vehicles are road worthy and in possession of a valid motor vehicle license;
- (e) Within the first quarter of each calendar year, the Director: Corporate Services will prepare the schedule of vehicle licenses payable reflecting at least the following information:
  - Registration Number
  - Year of first registration
  - Make
  - Model
  - Department
  - License fees payable
  - Due date

- (f) The Director: Corporate Services will forward the amended schedule to the Chief Financial Officer who will compare same with the Surety Register and certify as correct;
- (g) The Director: Corporate Services will, on monthly basis obtain the required license renewal forms and issue a written request for payment to the Chief Financial Officer who will ensure timely payment and obtaining of the license disc.
- (h) The license forms in respect of license renewals will be forwarded to Registry for filing.

### **Loss or damage reporting procedure**

It is highly likely that there will be instances where vehicles are either stolen or damaged during use on official Council business. In the event that any damage is incurred through an accident of any sort, no matter how minor the damage may be, or in the event that a vehicle is stolen whilst in use, the official who was using the vehicle at the time must report the matter to the Head of Department controlling the vehicle.

A loss or damage report sheet (Annexure C) must be completed immediately and must be submitted to the Head of Department controlling the vehicle and thereafter, to the Municipal Manager.

Any official operating a Council vehicle must:

#### **1.1 In the case of an accident:**

- 1.1.1 Not remove the Council vehicle from the scene of the accident before an official on site inspection has been carried out by the Departmental Head as directed by the South African Police or other competent authority;

1.1.2 Ensure that he/she after the accident does not consume any alcohol or drugs other than those administered by the Doctor;

1.1.3 As soon as possible submit the loss or damage control sheet regarding the circumstances that lead to the accident to his/her Departmental Head;

1.1.4 In case of sustaining an injury, complete the necessary Injury On Duty Form and subject himself/herself to a medical examination at a medical practitioner as directed;

1.1.5 If applicable, complete the necessary documentation at the nearest Police Station.

1.2 In the case of theft of or from the Council vehicle:

1.2.1 Report the theft to the SAPS immediately;

1.2.2 As soon as possible, submit a report to his/her Departmental Head regarding the circumstances of the theft.

### **Insurance Claim Procedures**

In the event that the loss or damage suffered, as referred to in the above paragraph, is sufficient enough that an insurance claim must be submitted, the following procedures must be followed:

- A loss or damage control sheet must be completed and submitted to the Head of the Department controlling the vehicle.
- A copy of the loss or damage control sheet must be submitted to the Chief Financial Officer.

- An insurance claim form must be compiled by the Finance Department and must be authorized by the Chief Financial Officer.
- The Chief Financial Officer must ensure that the cost of the repairs/replacement must be greater than the excess on a claim.
- The normal insurance claim procedure must be followed thereafter and the claim listed in the insurance claim register until payment is received from the Municipality's Insurers.
- Where it has been proven due to SAP report that the driver was under the influence of alcohol during the time of accident or the accident was due to accident She /He will pay all the costs incurred and is charged by the institution.

#### **Maintenance Control Procedures**

The Accountant: Expenditure will compile monthly costing in respect of all Council vehicles reflecting the following:

- Description of vehicle
- Department
- Projected use
- Actual cost: Fuel
  - Maintenance
  - Repairs
- Fuel consumption accumulative for the year
- Fuel consumption for each month
- Maintenance costs accumulative for a year
- Maintenance costs for each month
- Repairs costs (excluding accidents) for the previous year
- Repairs costs(excluding accidents) for each month
- Repairs costs (excluding accidents) accumulated for the year



- Standing time (waiting for spares).

The Director: Corporate Services or any person nominated by him will in the same report, comment on the general condition of each vehicle and will record any suspected operational negligence or excessive expenditure in fuel consumption or maintenance.

The completed report will be submitted to the Head of Department controlling the vehicle for his comments and indication of the % utilization of the vehicle.

A summary of the report will be included in the monthly report of the Director: Corporate Services which will be submitted to ExCo.

### **Duties and Responsibilities of Heads of Departments**

Heads of Departments must ensure:

- That all staff appointed as Drivers or Operators of Council vehicles:
- Are medically fit to operate vehicles by a Medical Practitioner appointed by the Council.
- Are in possession of valid drivers licenses of the class required to operate the Council vehicle applicable;
- Are tested by and found competent to operate Council vehicles by a person or body designated by Council to perform such tests.
- That all incidents of theft of or from a Council vehicle, accidents involving Council vehicles are:
- Thoroughly investigated and reported to the Municipal Manager

- Promptly reported to the Chief Financial Officer in writing for purposes of submitting the necessary insurance claim.
- That log sheets of Council vehicles under his / her control are checked on a regular basis.
- That equipment kept in Council vehicles is restricted to the essential.

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# **MHLONTLO LOCAL MUNICIPALITY – EC 156**

## **Vehicle Inspection Control Sheet**

Vehicle Reg. \_\_\_\_\_ Driver's Name \_\_\_\_\_

Kilometer Reading \_\_\_\_\_ Start \_\_\_\_\_ Stop \_\_\_\_\_

	Ser. No.	Item		Yes	No	Remarks
1.		<b>Body Work</b>				
1.1			Scratched			
1.2			Dents			
2.		<b>Driver's Licence</b>	One person			
3.		<b>Emergency Kit</b>	In place			
4.		<b>Fuel Gauge Level</b>				
4.1			Empty			
4.2			Half			
4.3			Full			
5.		<b>Hooter</b>	Working			
6.		<b>Jack</b>	In place			
6.1		<b>Jack Handle</b>	In place			
7.		<b>Lights</b>				
7.1		<b>Brake Lights</b>	OK			
7.2		<b>Head Lights</b>	OK			
7.3		<b>Indicators</b>	OK			
7.4		<b>Parking Lights</b>	OK			
7.5		<b>Reverse Lights</b>	OK			
7.6		<b>Tail Lights</b>	OK			
8.		<b>Log Sheet</b>	Updated			
9.		<b>Fluid Levels</b>				
9.1		<b>Brake Fluid Level</b>	OK			
9.2		<b>Clutch Fluid Level</b>	OK			
9.3		<b>Oil Level</b>	OK			
9.4		<b>Radiator Water Level</b>	OK			
10		<b>Mirrors</b>				

10.1		Roof Mirror	Damaged			
10.2		Side Mirrors	Damaged			
11.		Radio				
11.1		Car Phone	Installed			
11.2		Commercial	Installed			
11.3		Two way	Installed			

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**Driver's Signature**

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**Date**

**Comments by the Vehicle Assessor (After the trip)**

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**Vehicle Assessor's Signature**

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**Date**



**MHLONTLO MUNICIPALITY – EC 156**

**Scene of Accident**

**Open straight road stretch**

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**Ungraded Inter-section**

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**Intersection with Robots**

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**Other (sketch scene of accident)**

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MHLONTLO LOCAL MUNICIPALITY



– EC 156

## Vehicle Accident Report

### Occurrence

Date : .....

Time : .....

Driver : .....

Place of occurrence : .....

### Vehicle Details

Registration Number : .....

Make : .....

Odometer Reading : .....

Model : .....

Year : .....

Type : .....

### Driver Details

Full Names : .....

ID Number : .....

Post Held : .....

Driver's License No. : .....

Code : .....

Endorsement : .....

Purpose of the trip : .....

#### Injuries to Occupants of Official Vehicle

Name	Company Number	Description of Injury

Reason why injured persons were in a vehicle : .....

.....

.....

#### Damage to other vehicle

Name of the Driver : .....

ID Number : .....

Name of the Owner (if not driver) : .....

Address of vehicle owner : .....

Registration No. of vehicle : .....

Make : .....

Licence disc number : .....

Expiry date : .....

**Injuries to Occupants of other Vehicle**

<b>Name</b>	<b>Company Number</b>	<b>Description of Injury</b>

This policy has been approved by the Municipality in terms of Council resolution ..... dated .....  
and takes effect on the effective date of the first valuation roll on 1 July 2019



. *Approved by* -----

*Mayor*

-----

*Municipal Manager*

*Date*

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# INDIGENT SUPPORT POLICY



# MHLONTLO LOCAL MUNICIPALITY

**(FOR IMPLEMENTATION ON 1 JULY 2019)**

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## DEFINITIONS

**“child headed household”** means a household where both parents are deceased and where all occupants of the property are children of the deceased and are under the legal age to contract for services;

**“household”** means as a registered owner or tenant with or without children who reside on the same premises;

**“indigent”** means any household or category of households, including a child headed household, earning a combined gross income, as determined by the municipality annually in terms of a social and economic analysis of its area, which qualifies for rebates/remissions, support or a services subsidy; provided that child support grants are not included when calculating such household income;

**‘What is an indigent policy ‘**

Due to the level of unemployment and poverty within municipal areas, there are both households and citizens who are unable to access or pay for basic services; this grouping is referred to as the “indigent”. A municipality therefore needs to develop and adopt an indigent policy to ensure that the indigent can have access to the package of services included in the Free Basic Service programme.

**"municipality"** means the Mhlontlo Municipality, established in terms of Section 12 of the Municipal Structures Act, 117 of 1998, and includes any political structure, political office bearer, councilor, duly authorized agent or any employee acting in connection with this by-law by virtue of a power vested in the municipality and delegated or sub-delegated to such political structure, political office bearer, councilor, agent or employee;

**“programme officer”** an official duly authorised by the municipality, or an employee of a service provider appointed by the municipality, who is responsible for the following:

- (a) to ensure that applications for indigent support are received and assessed;
- (b) to ensure that applications are captured on the Indigent Management System;
- (c) to ensure that information on applications are verified and that regular audits are executed; and
- (d) to authorise expenditure with regard to indigent support.

**'occupier'** means the person who controls and resides on or controls and otherwise uses immovable property, provided that -

- (a) the spouse of the owner of immovable property, which is used by such spouse or owner as a dwelling at any time, shall be deemed to be the occupier thereof;
- (b) where both spouses reside on immovable property and one of them is an occupier thereof, the other shall also be deemed an occupier;

**'indigent register'** means the Microsoft Access database, which has to be updated on a monthly basis, designed to contain all the inputted data contained within completed indigent application forms which contains the following key information:

- Indigent customer details
- Socio-economic details
- Skills details

In addition the indigent register is able to provide reports relating to, but not limited to the following:

- Indigent application exceptions
- Skills reporting required for LED/exit strategy
- Socio economic reporting

**'owner'**, in relation to immovable property, means -

- (a) the person in whom is vested the legal title thereto provided that -
  - (i) the lessee of immovable property which is leased for a period of not less than fifty years, whether the lease is registered or not, shall be deemed to be the owner thereof; and
  - (ii) the occupier of immovable property occupied in terms of a servitude or right analogous thereto shall be deemed the owner thereof;
- (b) if the owner is deceased, insolvent, has assigned his or her estate for the benefit of his or her creditors, has been placed under curatorship by order of court or is a company being wound up or under judicial management, then the person in whom the administration of such property is vested as executor, administrator, trustee, assignee, curator, liquidator or judicial manager, as the case may be;
- (c) if the owner is absent from the Republic or if his or her address is unknown to the municipality, then any person who as agent or otherwise receives or is entitled to receive the rent in respect of such property; or
- (d) if the municipality is unable to determine who such person is, then the person who is entitled to the beneficial use of such property;

**'premises'** includes any piece of land, the external surface boundaries of which are delineated on -

- (a) a general plan or diagram registered in terms of the Land Survey Act, 1997 (Act No. 8 of 1997) or in terms of the Deeds Registries Act, 1937 (Act No. 47 of 1937);
- (b) a general plan registered in terms of the Sectional Titles Act, 1986 (Act No. 95 of 1986), and situated within the jurisdiction of the municipality;

**'rates'** means any tax, duty or levy imposed on property by the Council;

## **INTRODUCTION**

As a developmental institution, the municipality needs to commit to supporting measures that assist and empower its community. It is accepted that large sections of the community cannot exist without intervention and it is therefore the duty of the municipality to support and to ensure that citizens are able to access their constitutional right to have access to a basic level of services.

The municipality must therefore at all times strive to fulfill the constitutional objectives as contemplated in Section 152 of the Constitution and to meet the criteria for a credible indigent policy as laid down in the Credible Indigent Policy Assessment Framework, 2008, provided by the Department of Local Government.

The successful implementation of this policy depends totally on affordability and the social analysis of the area as should be included in the municipality's IDP. With regard to affordability the foundation is laid in section 74 of the Municipal Systems Act, 2000, which stipulates that poor households must have access to basic service through tariffs that cover only the operating and maintenance costs.

The municipality therefore adopts an indigent support policy which embodies an indigent support programme not only providing procedures and guidelines for the subsidisation of service charges to indigent households in its area of jurisdiction, but also to increase the quality of life of the beneficiaries by assisting them to exit from indigence.

## **1. POLICY PRINCIPLES**

In recognition of the abovementioned National Framework the municipality undertakes to promote the following principles:

- 1.1 To ensure that the Equitable Share received annually will be utilised for the benefit of the poor only and not to subsidise rates and services charges of those who can afford to pay;
- 1.2 To link this policy with the municipality's IDP, local economic development (LED) initiatives and poverty alleviation programmes;
- 1.3 To promote an integrated approach to free basic service delivery; and
- 1.4 To engage the community in the development and implementation of this policy;

## **2. POLICY OBJECTIVES**

In support of the above principles the objective of this policy will be to ensure the following:

- 2.1 The provision of basic services to the community in a sustainable manner within the financial and administrative capacity of the Council;
- 2.2 The financial sustainability of free basic services through the determination of appropriate tariffs that contribute to such sustainability through cross subsidisation;
- 2.3 Establishment of a framework for the identification and management of indigent households including a socio-economic analysis and an exit strategy;
- 2.4 The provision of procedures and guidelines for the subsidisation of basic charges and the provision of free basic energy to indigent households;
- 2.5 To ensure co-operative governance with other spheres of government; and
- 2.6 To enhance the institutional and financial capacity of the municipality to implement the policy.

### **Statement of Purpose**

2.7 Mhlontlo Local Municipality hereby formulates this policy of indigent management and has taken into account a number of factors, amongst which are the following:

- i. The importance of ensuring access to basic services to all people, including indigent persons in terms of the Constitution.
- ii. The desire by the Municipality to ensure that tariffs for assessment rates and services are made affordable for indigent household.
- iii. To ensure that the criteria and processes for evaluating and registering indigent household are clear and trans

### **3. THE LEGISLATIVE FRAMEWORK**

This policy is designed and implemented within the framework of the following legislation:

- The Constitution of the RSA, 1996;
- The Municipal Systems Act, 2000 (Act 32 of 2000);
- The Municipal Finance Management Act, 2003 (Act 56 of 2003);
- The Promotion of Administrative Justice Act, 2000 (Act 3 of 2000);
- The Promotion of Access to Information Act, 2000 (Act 2 of 2000);
- The Property Rates Act, 2004 (Act 6 of 2004).

### **4. QUALIFICATION CRITERIA**

. Qualification criteria for indigent support shall be determined by the municipality from time to time, provided that until the municipality determines otherwise, the following criteria shall apply:



- 4.1 The applicant must be a resident of the municipality.
- 4.2 The applicant must be in possession of a valid South African identity document.
- 4.3 The combined or joint gross income of all occupants or dependants in a single household which receives services from the municipality may not exceed the thresholds determined by the municipality annually during consideration of the budget for the next financial year. The guideline relating to the household income threshold is an income of not more than two state pensions per month.
- 4.4 The applicant must be the owner or tenant who receives municipal services and is registered as an account holder on the municipal financial system; provided that the requirement of being registered as an account holder does not apply to households in informal settlements where no accounts are rendered nor in rural areas where no accounts are rendered.
- 4.5 Any occupant or resident of the single household referred to above may not own any property in addition to the property in respect of which indigent support is provided.
- 4.6 A tenant can apply for the benefits in respect of the charges he/she is billed for while the landlord remains liable for all ownership related charges such as rates.
- 4.7 The account of a deceased estate, may be subsidised if the surviving spouse or dependants of the deceased who occupy the property, applies for assistance.
- 4.8
  - a. A household is classified as indigent i.e. where a verified total gross monthly income of all occupants over 18 years of age does not exceed the combined total of the pensions of two old age state pensioners.
  - b. The applicant and any other member of the household does not own another fixed property other than the one on which they reside.
  - c. The improved Municipal value of the property on which the household resides does not exceed an amount traditionally determined in the annual budget for concessions on assessment rates for the aged.
  - d. Documentary proof of income (e.g. a letter from an employer, salary advice, pension card, UIF card and affidavits etc) must be presented in order to qualify for an indigent subsidy.
  - e. Applicants shall be required to sign and submit a sworn affidavit, to the effect that all information supplied is true.
  - f. Special note shall be taken to any person, who supplies false information and shall be disqualified from further participation in the indigent subsidy scheme. S/he shall be liable for the immediate repayment of all subsidies received and the institute criminal proceedings as deemed necessary.

- g. The Municipality reserves the right to send officials to premises/ households receiving relief for the purpose of conducting an on- site audit of the details supplied.
- h. The account holder must apply in person and must present the following documents upon application:-
  - The latest Municipal account in his/her possession;
  - Account holders identity document; and
  - An application form indicating the names and identity numbers of all occupant / residents over the age of 18 years, who reside at the property.

If the application is approved, the assistance will be valid for a period of 12 months only, with no guarantee of renewal.

The onus is on account holders to re-apply for relief each year, failing which the assistance will cease automatically.

## 5. TARGETING OF INDIGENT HOUSEHOLDS

The effective targeting of indigent households and the implementation of this policy will depend largely on the social analysis included in the IDP, the LED initiatives and other poverty relief programmes of the municipality. The socio-economic information and performance indicators contained in these documents must form the basis for the targeting of indigent households.

Against the background of such socio-economic analysis, the municipality must within its financial and institutional capacity decide which targeting approach or option should be applied.

Depending on capacity the municipality may apply any or a combination of the following targeting methods:

Targeting approach	Application
1. Service levels	Lowest service levels normally in informal settlements and rural areas.
2. Service consumption	Metered services in urban and rural areas.
3. Property value	Applicable only to registered indigents in respect of subsidised or RDP housing to a

	value determined in addition to the R15000 in terms of the Property Rates Act, 2004.
4. Household income	Threshold determined in terms of socio-economic analysis.
5. Geographical (Zonal) targeting	Specific areas (rural or urban) where households are regarded as poor irrespective of service level.

## 6. EXTENT OF INDIGENT SUPPORT

The extent of the monthly indigent support granted to indigent households must be based on budgetary allocations for a particular financial year and the tariffs determined for each financial year.

Within the abovementioned budgetary process, and in striving to create a situation where poor households will be granted access to a full social package, the following assistance and support may be granted:

### 6.1 Electricity

Each registered indigent household shall receive electricity fully subsidised to a maximum of 50 kWh per month. This subsidy may also apply to registered indigent households in rural areas where the municipality is the electricity supplier while agreements with Eskom, where the latter is the supplier, may be negotiated to support such households.

### 6.2 Refuse removal

Each registered indigent household shall be fully subsidised for refuse removal as provided for in the annual budget.

### 6.3 Property Rates

Each registered indigent household shall be subsidised for property rates as provided for in the annual budget and subject to the provisions of the Municipal Property Rates Act, 2006.

#### **6.4 Tariffs after Registration**

- a) The Municipal Manager shall establish each year a select committee to determine the tariffs for the consumption of services. Such committee shall include but not limited to the CFO.
- b) Depending on the particularity and severity of each case households registered as indigent shall receive no less than a 50% rebate on the monthly services account.

#### **6.5 Rental (Dwellings and Sites)**

100% subsidy will be granted to indigent households in respect of all dwellings or sites belonging to the municipality;

#### **6.6 Burials**

In the event of the death of a member of an indigent household, the municipality may exempt the household from the cost of digging and preparation of a grave, provided that the burial takes place in a municipal cemetery.

#### **6.7 Transfer of properties**

In the event of the death of the title holder of a property in an indigent household, the municipality may enter into agreements with local attorneys, the Legal Aid Board or the provincial law society for the administration of the estate and the transfer of the property into the name of the successor at the lowest possible cost.

#### **6.8 Food security**

Where the need exists, the municipality may enter into agreements with registered non-profitable organisations to establish soup kitchens or other forms of food supply.

#### **6.9 Education**

The municipality may, upon application by a school hostel where accommodation is provided for school-going children from rural and urban areas, consider the subsidisation of a percentage of the monthly municipal account.

#### **6.11 Basic Energy**

Indigent households in informal settlements where limited or no electricity is available, may be provided with alternative energy sources including, but not limited to: paraffin, fire gel, liquefied petroleum gas, etc., provided that procurement of service providers or services shall be subject to the Supply Chain Management regulations of the municipality and that the support given does not exceed the level of support given to other indigent households. Penalties as per the tariff policy must be applied to those individual households that has got electricity but still enjoy this service.

### **7. INDIGENT HOUSEHOLDS IN RETIREMENT CENTRES AND OLD AGE HOMES**

Indigent consumers living in retirement Centre's or old age homes shall be eligible to qualify for assistance and support in terms of this policy, subject to the following rules and procedures:

- 7.1 The onus will be on the Board of Trustees/Managing Agent (hereinafter referred to as the representative) to apply to the municipality, for indigent status to be granted in respect of water consumption on behalf of the owners of those units, who meet the criteria and conditions for qualification.
- 7.2 The onus will be on the unit owner to apply to the municipality for indigent status to be granted in respect property rates and related charges.
- 7.3 The representative will submit applications to the Chief Financial Officer.
- 7.4 The Programme Officer must verify all applications and he or she must notify:
  - 7.4.1 The representative, whether an application was successful or not, with regard to the water consumption; and
  - 7.4.2 The unit owner whether an application was successful or not, with regard to the property rates and other related charges.
  - 7.4.3 The Chief Financial Officer will credit the monthly municipal:-
    - 7.4.3.1 Water account of the Retirement Centre or Old Age Home with water and sewerage charges, the amount of which will be calculated by dividing the total number of kilolitres of water consumed by the number of units in the complex, but up to a maximum of 200 liters of water per day for each unit that qualifies for assistance.
    - 7.4.3.2 General rates and refuse charges account of the unit owner with the full amount charged.
  - 7.4.5 The representative must, in respect of monthly water credits allowed under indigent support, ensure that such credits are off-set against the monthly levies of the relevant individual units; such representative also being required, once every six months, or at such intervals as may be determined by the municipality, to provide proof to the Chief

Financial Officer that the monthly levies of poor households which qualify for assistance, have been adjusted by the amounts credited to the account of the Retirement Centre or Old age Home.

## **8. ASSISTANCE PROCEDURES**

### **8.1 Communication**

The municipality must develop a communication strategy in terms of which communities will be informed and educated in order to have a clear understanding of this policy and its implementation. Regular information dissemination and awareness campaigns must be undertaken to eliminate unrealistic expectations both in terms of qualifying for subsidy as well as service delivery in general and methods of communication may include, but will not be limited to:

- 8.1.1 Ward committees;
- 8.1.2 Traditional leaders, where applicable;
- 8.1.3 Community based organisations;
- 8.1.4 Local radio stations and news papers;
- 8.1.5 Municipal accounts;
- 8.1.6 Imbizo's and road shows; and
- 8.1.7 Jamborees where government and municipal officials are made available to assist residents with applications such as ID applications, pension- and social grant applications, etc.

#### **8.1.8. Communication**

All new registrations and de-registration from the register shall be communicated by the Free Basic Services Office to the following Heads of Departments:

1. Finance (Revenue Office): So that the concessions on tariffs and arrears can be initiated or cancelled.
2. Community Services (refuse): So that the technical assistance can be given to make more affordable consumption possible.

### **8.2 Institutional arrangements**

The municipality must designate existing staff or appoint officials, or engage properly Community Development Workers who have been trained in terms of the municipality's directions to assist with the implementation and development of this policy and must establish appropriate registration points in its area, the cost of which may be funded through the equitable share allocation.

### **8.3 Funding**

The services to the indigent shall be subsidized from the resources of the municipality (if available) including the equitable share. The Municipality shall budget for this subsidy.

#### **8.4 Application/Registration**

A person applying for indigent support must complete a formal indigent support application form approved by the municipality. Such forms will be available at approved registration points provided by the municipality and shall be dealt with in terms of the Procedures Manual.

#### **8.5 Applications**

The member of a private household who is responsible for the payment of services and / or the Assessment rates account may apply for that household to be registered as indigent.

Such applications shall be evaluated by the Head of Social Services, which involves approaching the relevant ward councilors for assistance in the more difficult cases

#### **8.6 Assessment & Screening of Applicants**

Upon registration of an application, all information must be verified by the Programme Officer in terms of the Procedures Manual as per Appendix 1.

#### **8.7 Recommendation**

Once the verification has been completed the Indigent Management System must generate a recommendation based on the information captured in the database and shall be dealt with in terms of the Procedures Manual.

#### **8.8 Right of appeal**

An applicant who feels aggrieved by a decision taken in respect of his or her application may lodge an appeal in terms of section 62 of the Municipal Systems Act, 32 of 2000.

### **9. PROCESS MANAGEMENT**

#### **9.1 Applications**

With the exception of Property and Zonal Targeting the indigent application form should be completed in full and then captured onto the relevant indigent register and accounting system.

#### **9.2 Validity period**

The validity period of assistance will be for the duration that the applicant remains indigent. Households, in terms of the audit and review process, will be subjected to scrutiny to determine any change in status. Households may have to periodically re-apply, but this would be determined by the municipality from time to time

### **9.3 Re-evaluation**

All indigent households that have been on the register for six months or more shall be re-evaluated annually by the Free Basic Services Section

#### **9.3 Death of Registered Applicant**

In the event that the approved applicant passes away the heir/s of the property must re-apply for indigent support, provided that the stipulated criteria are met.

#### **9.4 Publication of Register of Indigent Households**

Names of indigent beneficiaries must be open for public perusal and comment.

Written objections from the public must be referred to the Programme Officer who will be responsible for investigating the validity of the complaint and referral to the Indigent Committee for appropriate action.

#### **9.5 Arrears and excess usage of allocations**

9.5.1 Upon registration as an indigent household, the arrears on the account of the applicant will be kept pending for a period of at least six months after which it may be written off.

9.5.2 No interest may be calculated on the arrears as contemplated in 10.4.1.

9.5.3 If the applicant exits from the indigent support programme within the six months period in 10.4.1, the arrears will be re-introduced in the account and will be subject to the credit control and debt collection policy of the municipality;

9.5.4 Where an indigent household exceeds the water consumption level approved by the Municipality, the supply may be restricted.

#### **9.5.5 Arrears and Credit Control**

- c) No interest shall be calculated on the arrears of consumers who are registered as indigent in terms of this policy.
- d) No credit control measures shall be taken against a registered indigent household for as long as their discounted monthly levies are paid in full every month.
- e) Subject to the conditions specified in the policy, other sections except interest in the Credit Control Policy shall also be applicable to the indigent.

### **9.6 Termination of Indigent Support**

Indigent Support will be terminated under the following circumstances:



- 9.6.1 upon death of the account-holder or the head of the household where no accounts are rendered.
- 9.6.2 at the end of the 12 months cycle, except in the case of pensioners and child-headed households.
- 9.6.3 upon sale of the property in respect of which support is granted.
- 9.6.4 When circumstances in the indigent household have improved to the extent where the income threshold as determined is exceeded..
- 9.6.5 If the applicant is found to have lied about his/her personal circumstances or has furnished false information regarding indigent status, in which case the following will apply:
  - 9.6.5.1 All arrears will become payable immediately;
  - 9.6.5.2 Stringent credit control measures will apply; and
  - 9.6.5.3 The applicant will not be eligible to apply for indigent support for a period of 2 years.

## **9.7 Audit and review**

The municipality may conduct regular audits of the indigent register with regard to the information furnished by applicants, possible changes in status, the usage of allocations and debt collection measures applied and where necessary review the status of applicants. The frequency of such audits will depend on the institutional capacity of the municipality to do so. It is proposed that at least monthly targeted audits and reviews are undertaken, with a complete review scheduled for at least every 5 years.

## **9.8 Exit Program me.**

Members of households registered as indigent must be prepared to participate in exit programmes co-ordinated by the municipality in collaboration with other government departments and the private sector.

As part of its broader poverty reduction programme the municipality undertakes to provide for the participation and accommodation of indigent persons in its local economic development (LED) initiatives and in the implementation of integrated development programmes where possible.

The municipality must promote exit from indigence by -

- 9.8.1 Identifying indigents for inclusion in public works projects;
- 9.8.2 Initiating local job creation projects such as cleansing operations, small infrastructure projects, etc;

- 9.8.3 Facilitation of opportunities to enter the informal trade market;
- 9.8.4 Facilitation of food security projects; and
- 9.8.5 Liaison with National and Provincial departments to include indigent persons in their public works programmes.

## **10. MONITORING AND REPORTING**

10.1 The Chief Financial Officer must report monthly to the Municipal Manager via the municipality's Service Delivery and Budget Implementation Plan to enable the Municipal Manager to report to Council and other interested parties. Such report shall reflect on:

- 10.1.1 Number of indigent households applications received;
- 10.1.2 Amount of subsidy allocated per benefit category;
- 10.1.3 Amount of debt accumulating and debt recovery information (number of customers; enquires; default arrangements; growth or diminishing of arrear debtors; ideally divided into wards, domestic, state, institutional and other such divisions);
- 10.1.4 Performance against targets set in respect of indigent support and poverty relief and in particular with regard to the following:
  - 10.1.4.1 Number of applications for indigent support dealt with;
  - 10.1.4.2 Time taken to process and finalise applications;
  - 10.1.4.3 Site visits undertaken;
  - 10.1.4.4 Awareness initiatives; and
  - 10.1.4.5 Exit initiatives.

10.1.5 Changes in the registered status of indigents

**10.1.6** The Free Basic Services Section shall keep and monitor a complete register of registered indigent

Household.

### **10.1.7 Debtors Management**

- a) The Chief Finance Officer shall be responsible for the collection of debts, including the debts of private household debtors.

b) The personal evaluation of private households in arrears may reveal non-registered indigent households that have to be registered, as well as currently registered indigent households that have to be de-registered due to changed circumstances.  
The Chief Finance Officer shall refer these cases to the Head of Social Services

## **11. CAPACITY BUILDING**

11.1 The municipality must ensure that all officials and councillors are appropriately capacitated in Free Basic Services in terms of the following key areas:

- Database management
- Demand and revenue management
- Policy and by-law implementation

. Approved by

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**Mayor**

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**Municipal Manager**



## SUPPLY CHAIN MANAGEMENT POLICY FOR INFRASTRUCTURE PROCUREMENT AND DELIVERY MANAGEMENT

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VERSION No:	001.2017/2018
PREPARED BY:	N. BUDAZA
REVIEWED BY:	N. BOTI
DATE REVIEWED:	NEW POLICY
APPROVED BY:	COUNCIL
DATE APPROVED:	17 MAY 2019

EFFECTIVE DATE:	01 JULY 2019
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## **Supply Chain Management Policy for Infrastructure procurement and delivery management**

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## **Scope**

This policy establishes the Mhlontlo Local Municipality's policy for infrastructure procurement and delivery management in accordance with the provisions of the regulatory frameworks for procurement and supply chain management. It includes the procurement of goods and services necessary for a new facility to be occupied and used as a functional entity but excludes:

- a) the storage of goods and equipment following their delivery to Mhlontlo Local Municipality which are stored and issued to contractors or to employees;
- b) the disposal or letting of land;
- c) the conclusion of any form of land availability agreement;
- d) the leasing or rental of moveable assets; and
- e) public private partnerships.

## **Terms, definitions and abbreviations**

### **1.6. 2.1 Terms and definitions**

For the purposes of this document, the definitions and terms given in the standard and the following apply:

**agent:** person or organization that is not an employee of Mhlontlo Local Municipality that acts on the Mhlontlo Local Municipality's behalf in the application of this document

**authorised person:** the municipal manager or chief executive or the appropriately delegated authority to award, cancel, amend, extend or transfer a contract or order

**conflict of interest:** any situation in which:

- a) someone in a position of trust has competing professional or personal interests which make it difficult for him to fulfil his duties impartially,
- b) an individual or organization is in a position to exploit a professional or official capacity in some way for his personal or for corporate benefit, or
- c) incompatibility or contradictory interests exist between an employee and the organization which employs that employee

**contract manager:** person responsible for administering a package on behalf of the employer and performing duties relating to the overall management of such contract from the implementer's point of view

**family member:** a person's spouse, whether in a marriage or in a customary union according to indigenous law, domestic partner in a civil union, or child, parent, brother, sister, whether such a relationship results from birth, marriage or adoption

**framework agreement:** an agreement between an organ of state and one or more contractors, the purpose of which is to establish the terms governing orders to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged

**gate:** a control point at the end of a process where a decision is required before proceeding to the next process or activity

**gateway review:** an independent review of the available information at a gate upon which a decision to proceed or not to the next process is based

**gratification:** an inducement to perform an improper act

**infrastructure delivery:** the combination of all planning, technical, administrative and managerial actions associated with the construction, supply, renovation, rehabilitation, alteration, maintenance, operation or disposal of infrastructure



**infrastructure procurement:** the procurement of goods or services including any combination thereof associated with the acquisition, renovation, rehabilitation, alteration, maintenance, operation or disposal of infrastructure

**maintenance:** the combination of all technical and associated administrative actions during an item's service life to retain it in a state in which it can satisfactorily perform its required function

**operation:** combination of all technical, administrative and managerial actions, other than maintenance actions, that results in the item being in use

**order:** an instruction to provide goods, services or any combination thereof under a framework agreement

**organ of state:** an organ of state as defined in section 239 of the Constitution of the Republic of South Africa

**procurement document:** documentation used to initiate or conclude (or both) a contract or the issuing of an order

**principal:** a natural person who is a partner in a partnership, a sole proprietor, a director a company established in terms of the Companies Act of 2008 (Act No. 71 of 2008) or a member of a close corporation registered in terms of the Close Corporation Act, 1984, (Act No. 69 of 1984)

**standard:** the latest edition of the Standard for Infrastructure Procurement and Delivery Management as published by National Treasury

**working day:** any day of a week on which is not a Sunday, Saturday or public holiday

### 1.7. 2.2 Abbreviations

For the purposes of this document, the following abbreviations apply

CIDB: Construction Industry Development Board

SARS: South African Revenue Services

## General requirements

### **1.8. 3.1 Delegations**

**3.1.1** The Council of Mhlontlo Local Municipality hereby delegates all powers and duties to the Municipal Manager which are necessary to enable the Municipal Manager to:

- a) discharge the supply chain management responsibilities conferred on accounting officers in terms of Chapter 8 or 10 of the Local Government Municipal Finance Management Act of 2003 and this document;
- b) maximise administrative and operational efficiency in the implementation of this document;
- c) enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this document; and 3 October 2015
- d) comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Local Government Municipal Finance Management Act of 2003 Act.

**3.1.2** No departure shall be made from the provisions of this policy without the approval of the Municipal Manager of Mhlontlo Local Municipality

**3.1.3** The Municipal Manager shall for oversight purposes:

- a) within 30 days of the end of each financial year, submit a report on the implementation of this policy to the council of the Mhlontlo Local Municipality.
- b) whenever there are serious and material problems in the implementation of this policy, immediately submit a report to the Council, who must then submit the report to the municipal manager of Mhlontlo Local Municipality submission to the council;
- c) within 10 days of the end of each quarter, submit a report on the implementation of the policy to the Mayor; and
- d) make the reports public in accordance with section 21A of the Municipal Systems Act of 2000.

### **1.9. 3.2 Implementation of the Standard for Infrastructure Procurement and Delivery Management**

**3.2.1 Infrastructure** procurement and delivery management shall be undertaken in accordance with the all applicable legislation and the relevant requirements of the latest edition of the National Treasury Standard for Infrastructure Procurement and Delivery Management.

**1.10. management unit**

**3.3**

**Supervision of the infrastructure delivery**

The Infrastructure Delivery Management Unit shall be directly supervised by the chief financial officer.

**1.11. 3.4 Objections and complaints**

Persons aggrieved by decisions or actions taken in the implementation of this policy, may lodge within days of the decision or action, a written objection or complaint against the decision or action.

**1.12. 3.5 Resolution of disputes, objections, complaints and queries**

**3.5.1** The Municipal Manager shall appoint an independent and impartial person, not directly involved in the infrastructure delivery management processes to assist in the resolution of disputes between the Mhlontlo Local Municipality *and* other persons regarding:

- a) any decisions or actions taken in the implementation of the supply chain management system;
- b) any matter arising from a contract awarded within the Mhlontlo Local Municipality's infrastructure delivery management system; or
- c) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.

**3.5.2** The relevant department (end-user) shall assist the person appointed in terms of 3.5.1 to perform his or her functions effectively.

**3.5.3** The person appointed in terms of 3.5.1 shall:

- a) strive to resolve promptly all disputes, objections, complaints or queries received; and
- b) submit monthly reports to the Municipal Manager on all disputes, objections, complaints or queries received, attended to or resolved.

**3.5.4** A dispute, objection, complaint or query may be referred to the Provincial treasury if:

- a) the dispute, objection, complaint or query is not resolved within 60 days; or
- b) no response is forthcoming within 60 days.

**3.5.5** If the Provincial treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.

**Control framework for infrastructure delivery management**

**4.1 Assignment of responsibilities for approving or accepting end of stage deliverables**

The responsibilities for approving or accepting end of stage deliverables shall be as stated in Table 1.

**1.13. 4.2 Additional gates**

The following additional gates shall apply:

**4.2.1** PMU representative and Asset clerk should receive and accept the material for internal development construction

**1.14. 4.3 Additional requirements**

The following additional requirements apply:

**4.3.1** A representative from PMU should be a municipal official with relevant know what of the product expected

**1.15. 4.4 Gateway reviews**

**4.4.1 Gateway reviews for major capital projects above a threshold**

**4.4.1.1 The Accounting Officer** shall appoint a gateway review team in accordance with the provisions of clause

4.1.13.1.2 of the standard to undertake gateway reviews for major capital projects.

**4.4.1.2** The requirements for a gateway review in addition to those contained in section 4.1.13 of the standard are as follows:

**4.4.2 Elective gateway reviews**

Gateway reviews shall be undertaken by the review team

**Table 1:**

## Responsibilities for approving or accepting end of stage deliverables in the control framework for the management of infrastructure delivery

Stage		Person assigned the responsibility for approving or accepting end of stage deliverables	
No	Name		
0	Project initiation	Accounting Officer accepts the initiation report	
1	Infrastructure planning	Technical Manager approves the infrastructure plan	
2	Strategic resourcing	Relevant Director approves the delivery and / or procurement strategy	
3	Pre-feasibility	Accounting officer accepts the pre-feasibility report	
	Preparation and briefing	Relevant Director accepts the strategic brief	
4	Feasibility	Relevant Director accepts the feasibility report	
	Concept and viability	Accounting officer accepts the concept report	
5	Design development	Relevant Director accepts the design development report	
6	Design documentation	6A Production information	End user accepts the parts of the production information which are identified when the design development report is accepted as requiring acceptance
		6B Manufacture, fabrication and construction information	The contract manager accepts the manufacture, fabrication and construction information
7	Works	The contract manager certifies completion of the works or the delivery of goods and associated services	
8	Handover	The owner or end user accepts liability for the works	
9	Package completion	The contract manager or supervising agent certifies the defects certificate in accordance with the provisions of the contract The contract manager certifies final completion in accordance with the provisions of the contract [Designated person] accepts the close out report	

## 5 Control framework for infrastructure procurement

**5.1** The responsibilities for taking the key actions associated with the formation and conclusion of contracts including framework agreements above the quotation threshold shall be as stated in Table 2.

**5.2** The responsibilities for taking the key actions associated with the quotation procedure and the negotiation procedure where the value of the contract is less than the threshold set for the quotation procedure shall be as follows:

- a) Accounting Officer shall grant approval for the issuing of the procurement documents, based on the contents of a documentation review report developed in accordance with the provisions of the standard;
- b) the authorised person may award the contract if satisfied with the recommendations contained in the evaluation report prepared in accordance with the provisions of the standard.

**5.3** The responsibilities for taking the key actions associated with the issuing of an order in terms of a framework agreement shall be as stated in Table 3.

## **6 Infrastructure delivery management requirements**

### **1.16. 6.1 Institutional arrangements**

#### **6.1.1 Committee system for procurement**

##### **6.1.1.1 General**

**6.1.1.1.1** A committee system comprising the documentation committee, evaluation committee and tender committee shall be applied to all procurement procedures where the estimated value of the procurement exceeds the financial threshold for quotations and to the putting in place of framework agreements.

**6.1.1.1.2** The evaluation committee shall, where competition for the issuing of an order amongst framework contractors takes place and the value of the order exceeds the financial threshold for quotations, evaluate the quotations received.

**6.1.1.1.3** The persons appoint in writing as technical advisors and subject matter experts may attend any committee meeting. Such advisers and experts shall not participate in the decisions making proceedings of such meetings.

**6.1.1.1.4** No person who is a political officer bearer, a public office bearer, a political advisor or a person appointed in terms of section 12A of the Public Service Act of 1994 or who has a conflict of interest shall be appointed to a procurement documentation, evaluation or tender committee.

**6.1.1.1.5** Committee decisions shall as far as possible be based on the consensus principle i.e. the general agreement characterized by the lack of sustained opposition to substantial issues. Committees shall record their decisions in writing. Such decisions shall be kept in a secured environment for a period of not less than five years after the completion or cancellation of the contract unless otherwise determined in terms of the National Archives and Record Services Act of 1996.

**6.1.1.1.6** Committees may make decisions at meetings or, subject to the committee chairperson's approval, on the basis of responses to documents circulated to committee members provided that not less than sixty percent of the members are present or respond to the request for responses. Where the committee chairperson is absent from the meeting, the members of the committee who are present shall elect a chairperson from one of them to preside at the meeting. 6 August 2015

Table 2: Procurement activities and gates associated with the formation and conclusion of contracts above the quotation threshold

Activity		Sub-Activity (see Table 3 of the standard)		Key action	Person assigned responsibility to perform key action
1	Establish what is to be procured	1.3 <b>PG1</b>	Obtain permission to start with the procurement process	Make a decision to proceed / not to proceed with the procurement based on the broad scope of work and the financial estimates.	(designated person e.g project director or programme manager)
2	Decided procurement strategy	2.5 <b>PG2</b>	Obtain approval for procurement strategies that are to be adopted including specific approvals to approach a confined market or the use of the negotiation procedure	Confirm selection of strategies so that tender offers can be solicited	(designated person e.g. project director)
3	Solicit tender offers	3.2 <b>PG3</b>	Obtain approval for procurement documents	Grant approval for the issuing of the procurement documents	Procurement document committee
		3.3 <b>PG3</b>	Confirm that budgets are in place	Confirm that finance is available for the procurement to take place	(designated person e.g programme or financial manager)
4	Evaluation tender offers	4.2 <b>PG5</b>	Obtain authorisation to proceed with next phase of tender process in the qualified, proposal or competitive negotiations procedure	Review evaluation report, ratify recommendations and authorise progression to the next stage of the tender process	(designated person)
		4.7 <b>PG6</b>	Confirm recommendations contained in the tender evaluation report	Review recommendations of the evaluation committee and refer back to evaluation committee for reconsideration or make recommendation for award	Tender committee (or bid adjudication committee)
5	Award contract	5.3 <b>PG7</b>	Award contract	Formally accept the tender offer in writing and issue the contractor with a signed copy of the contract	(authorized person)
		5.5 <b>GF1</b>	Upload data in financial management and payment system	Verify data and upload contractor's particulars and data associated with the contract or order	(designated person)
		6.4 <b>PG8A</b>	Obtain approval to waiver of penalties or low performance damages	Approval waiver of penalties or low performance damages	(designated person)
		6.5 <b>PG8B</b>	Obtain approval to notify and refer a dispute to an adjudicator	Grant permission for the referral of a dispute to an adjudicator or for final settlement to	(designated person)

6	Administer contracts and confirm compliance with requirements			an arbitrator or court of law	
		6.6 PG8C	Obtain approval to increase the total of prices, excluding contingencies and price adjustment for inflation, or the time for completion at the award of a contract or the issuing of an order up to a specified percentage	Approve amount of time and cost overruns up to the threshold	(designated person or designated person)
		6.7 PG8D	Obtain approval to exceed the total of prices, excluding contingencies and prices adjustment for inflation, or the time for completion at award of a contract or the issuing of an order by more than 20% and 30%, respectively	Approve amount of time and cost overruns up to the threshold	(municipal manager or chief executive or, depending upon the value, a appropriately delegated authority)
		6.8 PG8E	Obtain approval to cancel or terminate a contract	Approve amount	(authorized person)
		6.9 PG8F	Obtain approval to amend a contract	Approve proposed amendment to contract	(authorized person)

Table 3: Procurement activities and gates associated with the issuing of an order above the quotation threshold in terms of a framework agreement

Activity		Key action	Person assigned responsibility to perform key action
1 FG1	Confirm justifiable reasons for selecting a framework contractor where there is more than one framework agreement covering the same scope of work	Confirm reasons submitted for not requiring competition amongst framework contractors or instruct that quotations be invited	<i>[designated person]</i>
3 FG2	Obtain approval for procurement documents	Grant approval for the issuing of the procurement documents	<i>[designated person]</i>
4 FG3	Confirm that budgets are in place	Confirm that finance is available so that the order may be issued	<i>[designated person e.g. programme manager or financial director]</i>
6 FG4	Authorise the issuing of the order	If applicable, review evaluation report and confirm or reject recommendations. Formally accept the offer in writing and issue the contractor with a signed copy of the order	<i>[authorised person]</i>



### **6.1.1.2 Procurement documentation committee**

**6.1.1.2.1** The Municipal Manager shall appoint in writing on a procurement by procurement basis:

- a) the persons to review the procurement documents and to develop a procurement documentation review report in accordance with clause 4.2.2.1 of the standard; and
- b) the members of the procurement documentation committee.

**6.1.1.2.2** The procurement documentation committee shall comprise one or more persons. The chairperson shall be an employee of Mhlontlo Local Municipality with requisite skills. Other members shall, where relevant, include a representative of the end user or the institution requiring infrastructure delivery.

**6.1.1.2.3** No member of, or technical adviser or subject matter expert who participates in the work of the any of the procurement committees or a family member or associate of such a member, may tender for any work associated with the tender which is considered by these committees.

### **6.1.1.3 Evaluation committee**

**6.1.1.3.1** The Municipal Manager shall appoint on a procurement by procurement basis in writing:

- a) the persons to prepare the evaluation and, where applicable, the quality evaluations, in accordance with clauses 4.2.3.2 and 4.2.3.4 of the standard, respectively; and
- b) the members of the evaluation committee.

**6.1.1.3.2** The evaluation committee shall comprise not less than three people. The chairperson shall be an employee of Mhlontlo Local Municipality with requisite skills. Other members shall, where relevant, include a representative of the end user or the institution requiring infrastructure delivery.

**6.1.1.3.3** The evaluation committee shall review the evaluation reports prepared in accordance with sub clause 4.2.3 of the standard and as a minimum verify the following in respect of the recommended tenderer:

- a) the capability and capacity of a tenderer to perform the contract;
- b) the tenderer's tax compliance status;
- c) the Compulsory Declaration has been completed; and
- d) the tenderer is not listed in the National Treasury's Register for Tender Defaulters or the List of Restricted Suppliers.

**6.1.1.3.4** No tender submitted by a member of, or technical adviser or subject matter expert who participates in the work of the procurement documentation committee or a family member or associate of such a member, may be considered by the evaluation committee.

**6.1.1.3.5** The chairperson of the evaluation committee shall promptly notify the Municipal Manager of any respondent or tenderer who is disqualified for having engaged in fraudulent or corrupt practices during the tender process.

#### **6.1.1.4 Tender committee**

**6.1.1.4.1** The tender committee shall comprise the following persons or their mandated delegate:

- a) Chief Financial Officer, who shall be the chairperson:
- b) Director – Corporate Services
- c) Director - Community Services
- d) Director – Technical Department
- e) Director – Local Economic Development
- f) Senior Official – Supply Chain Management

**6.1.1.4.2** No member of the evaluation committee may serve on the tender committee. A member of an evaluation committee may, however, participate in the deliberations of a tender committee as a technical advisor or a subject matter expert.

**6.1.1.4.3** The tender committee shall:

- a) consider the report and recommendations of the evaluation committee and:
  - 1) verify that the procurement process which was followed complies with the provisions of this document;
  - 2) confirm that the report is complete and addresses all considerations necessary to make a recommendation;
  - 3) confirm the validity and reasonableness of reasons provided for the elimination of tenderers; and
  - 4) consider commercial risks and identify any risks that have been overlooked or fall outside of the scope of the report which warrant investigation prior to taking a final decision; and
- b) refer the report back to the evaluation committee for their reconsideration or make a recommendation to the authorised person on the award of a tender, with or without conditions, together with reasons for such recommendation.

**6.1.1.4.4** The tender committee shall consider proposals regarding the cancellation, amendment, extension or transfer of contracts that have been awarded and make a recommendation to the authorised person on the course of action which should be taken.

**6.1.1.4.5** The tender committee shall consider the merits of an unsolicited offer and make a recommendation to the Accounting Officer.

**6.1.1.4.6** The tender committee shall report to the Accounting Officer any recommendation made to award a contract to a tenderer other than the tenderer recommended by the evaluation committee, giving reasons for making such a recommendation.

**6.1.1.4.7** The tender committee shall not make a recommendation for an award of a contract or order if the recommended tenderer or framework contractor has:

- a) made a misrepresentation or submitted false documents in competing for the contract or order; or
- b) been convicted of a corrupt or fraudulent act in competing for any contract during the past five years.

**6.1.1.4.8** The tender committee may on justifiable grounds and after following due process, disregard the submission of any tenderer if that tenderer or any of its directors, members or trustees or partners has abused the delivery management system or has committed fraud, corruption or any other improper conduct in relation to such system. The National Treasury or Provincial Treasury shall be informed where such tenderers are disregarded.

## 6.1.2 Actions of an authorised person relating to the award of a contract or an order

### 6.1.2.1 Award of a contract

**6.1.2.1** The authorised person shall, if the value of the contract inclusive of VAT, is within his or her delegation, consider the report(s) and recommendations of the tender committee, or in the case of the awards for contracts below the quotation threshold, the recommendation of the bid committee, and either:

- a) award the contract after confirming that the report is complete and addresses all considerations necessary to make a recommendation and budgetary provisions are in place; or
- b) decide not to proceed or to start afresh with the process.

### **6.1.2.2 Issuing of an order**

The authorised person shall, if the value of an order issued in terms of a framework contract, is within his or her delegation, consider the recommendation of the evaluation committee as relevant, and either:

- a) authorise the issuing of an order in accordance with the provisions of clause 4.25 of the standard; or
- b) decide not to proceed or to start afresh with the process.

### **6.1.3 Conduct of those engaged in infrastructure delivery**

#### **6.1.3.1 General requirements**

**6.1.3.1.1** All personnel and agents of MLM shall comply with the requirements of the CIDB Code of Conduct for all Parties engaged in Construction Procurement. They shall:

- a) behave equitably, honestly and transparently;
- b) discharge duties and obligations timeously and with integrity;
- c) comply with all applicable legislation and associated regulations;
- d) satisfy all relevant requirements established in procurement documents;
- e) avoid conflicts of interest; and
- f) not maliciously or recklessly injure or attempt to injure the reputation of another party.

**6.1.3.1.2** All personnel and agents engaged in Mhlontlo Local Municipality's infrastructure delivery management system shall:

- a) not perform any duties to unlawfully gain any form of compensation, payment or gratification from any person for themselves or a family member or an associate;
- b) perform their duties efficiently, effectively and with integrity and may not use their position for private gain or to improperly benefit another person;
- c) strive to be familiar with and abide by all statutory and other instructions applicable to their duties;

- d) furnish information in the course of their duties that is complete, true and fair and not intended to mislead;
- e) ensure that resources are administered responsibly;
- f) be fair and impartial in the performance of their functions;
- g) at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual;
- h) not abuse the power vested in them;
- i) not place themselves under any financial or other obligation to external individuals or firms that might seek to influence them in the performance of their duties;
- j) assist Mhlontlo Local Municipality in combating corruption and fraud within the infrastructure procurement and delivery management system;
- k) not disclose information obtained in connection with a project except when necessary to carry out assigned duties;
- l) not make false or misleading entries in reports or accounting systems; and
- m) keep matters of a confidential nature in their possession confidential unless legislation, the performance of duty or the provision of the law require otherwise.

**6.1.3.1.2** An employee or agent may not amend or tamper with any submission, tender or contract in any manner whatsoever.

### **6.1.3.2 Conflicts of interest**

**6.1.3.2.1** The employees and agents of Mhlontlo Local Municipality who are connected in any way to procurement and delivery management activities which are subject to this policy, shall:

- a) disclose in writing to the employee of the Mhlontlo Local Municipality to whom they report, or to the person responsible for managing their contract, if they have, or a family member or associate has, any conflicts of interest; and
- b) not participate in any activities that might lead to the disclosure of Mhlontlo Local Municipality proprietary information.

**6.1.3.2.2** The employees and agents of Mhlontlo Local Municipality shall declare and address any perceived or known conflict of interest, indicating the nature of such conflict to whoever is responsible for overseeing the procurement process at the start of any deliberations relating to a procurement process or as soon as they become aware of such conflict, and abstain from any decisions where such conflict exists or recuse themselves from the procurement process, as appropriate.

**6.1.3.2.3** Agents who prepare a part of a procurement document may in exceptional circumstances, where it is in Mhlontlo Local Municipality's interest to do so, submit a tender for work associated with such documents provided that:

- a) Mhlontlo Local Municipality states in the tender data that such an agent is a potential tenderer;
- b) all the information which was made available to, and the advice provided by that agent which is relevant to the tender, is equally made available to all potential tenderers upon request, if not already included in the scope of work; and
- c) the procurement documentation committee is satisfied that the procurement document is objective and unbiased having regard to the role and recommendations of that agent.

### **6.1.3.3 Evaluation of submissions received from respondents and tenderers**

**6.1.3.3.1** The confidentiality of the outcome of the processes associated with the calling for expressions of interest, quotations or tenders shall be preserved. Those engaged in the evaluation process shall:

- a) not have any conflict between their duties as an employee or an agent and their private interest;
- b) may not be influenced by a gift or consideration (including acceptance of hospitality) to show favour or disfavour to any person;
- c) deal with respondents and tenderers in an equitable and even-handed manner at all times; and
- d) not use any confidential information obtained for personal gain and may not discuss with, or disclose to outsiders, prices which have been quoted or charged to Mhlontlo Local Municipality.

**6.1.3.3.2** The evaluation process shall be free of conflicts of interest and any perception of bias. Any connections between the employees and agents of Mhlontlo Local Municipality and a tenderer or respondent shall be disclosed and recorded in the tender evaluation report.

**6.1.3.3.3** Mhlontlo Local Municipality personnel and their agents shall immediately withdraw from participating in any manner whatsoever in a procurement process in which they, or any close family member, partner or associate, has any private or business interest.

### **6.1.3.4 Non-disclosure agreements**

Confidentiality agreements in the form of non-disclosure agreements shall, where appropriate, be entered into with agents and potential contractors to protect Mhlontlo Local Municipality's confidential information and interests.

### **6.1.3.5 Gratifications, hospitality and gifts**

**6.1.3.5.1** The employees and agents of Mhlontlo Local Municipality shall not, directly or indirectly, accept or agree or offer to accept any gratification from any other person including a commission, whether for the benefit of themselves or for the benefit of another person, as an inducement to improperly influence in any way a procurement process, procedure or decision.

**6.1.3.5.2** The employees and agents of Mhlontlo Local Municipality as well as their family members of associates shall not receive any of the following from any tenderer, respondent or contractor or any potential contractor:

- a) money, loans, equity, personal favours, benefits or services;
- b) overseas trips; or
- c) any gifts or hospitality irrespective of value from tenderers or respondents prior to the conclusion of the processes associated with a call for an expression of interest or a tender.

**6.1.3.5.3** The employees and agents of Mhlontlo Local Municipality shall not purchase any items at artificially low prices from any tenderer, respondent or contractor or any potential contractor at artificially low prices which are not available to the public.

**6.1.3.5.4** All employees and agents of Mhlontlo Local Municipality may for the purpose of fostering interpersonal business relations accept the following:

- a) meals and entertainment, but excluding the cost of transport and accommodation;
- b) promotional material of small intrinsic value such as pens, paper-knives, diaries, calendars, etc;
- c) incidental business hospitality such as business lunches or dinners, which the employee is prepared to reciprocate;
- d) complimentary tickets to sports meetings and other public events, but excluding the cost of transport and accommodation, provided that such tickets are not of a recurrent nature; and
- e) gifts in kind other than those listed in a) to d) which have an intrinsic value not more than **R750** unless they have declared them to the Accounting Officer.

**6.1.3.5.5** Under no circumstances shall gifts be accepted from prospective contractors during the evaluation of calls for expressions of interest, quotations or tenders that could be perceived as undue and improper influence of such processes.

**6.1.3.5.6** Employees and agents of Mhlontlo Local Municipality shall without delay report to the Municipal Manager any incidences of a respondent, tenderer or contractor who directly or indirectly

offers a gratification to them or any other person to improperly influence in any way a procurement process, procedure or decision.

#### **6.1.3.6 Reporting of breaches**

Employees and agents of Mhlontlo Local Municipality shall promptly report to the Municipal Manager any alleged improper conduct which they may become aware of, including any alleged fraud or corruption.

#### **6.1.4 Measures to prevent abuse of the infrastructure delivery system**

The Municipal Manager shall investigate all allegations of corruption, improper conduct or failure to comply with the requirements of this policy against an employee or an agent, a contractor or other role player and, where justified:

- a) take steps against an employee or role player and inform the Provincial Treasury of those steps;
- b) report to the South African Police Service any conduct that may constitute a criminal offence;
- c) lodge complaints with the Construction Industry Development Board or any other relevant statutory council where a breach of such council's code of conduct or rules of conduct are considered to have been breached;
- d) cancel a contract if:
  - 1) it comes to light that the contractor has made a misrepresentation, submitted falsified documents or has been convicted of a corrupt or fraudulent act in competing for a particular contract or during the execution of that contract; or
  - 2) an employee or other role player committed any corrupt or fraudulent act during the tender process or during the execution of that contract.

#### **6.1.5 Involvement of employees of departments in tenders**

Any submissions made by a respondent or tenderer who declares in the Compulsory Declaration that a principal is an employee of a national or provincial department and does not have the written permission of the executive of that department as required in terms of Section 30(1) of the Public Service Act of 1994 shall be rejected.

#### **6.1.6 Collusive tendering**



Any submissions made by a respondent or tenderer who fails to declare in the Compulsory Declaration that the tendering entity:

- a) is not associated, linked or involved with any other tendering entity submitting tender offers; or
- b) has not engaged in any prohibited restrictive horizontal practices including consultation, communication, agreement, or arrangement with any competing or potential tendering entity regarding prices, geographical areas in which goods and services will be rendered, approaches to determining prices or pricing parameters, intentions to submit a tender or not, the content of the submission (specification, timing, conditions of contract etc.) or intention to not win a tender shall be rejected.

## 6.1.7 Placing of contractors under restrictions

**6.1.7.1** If any tenderer which has submitted a tender offer or a contractor which has concluded a contract has, as relevant:

- a) withdrawn such tender or quotation after the advertised closing date and time for the receipt of submissions;
- b) after having been notified of the acceptance of his tender, failed or refused to commence the contract;
- c) had their contract terminated for reasons within their control without reasonable cause;
- d) offered, promised or given a bribe in relation to the obtaining or the execution of such contract;
- e) acted in a fraudulent, collusive or anti-competitive or improper manner or in bad faith towards Mhlontlo Local Municipality or
- f) made any incorrect statement in any affidavit or declaration with regard to a preference claimed and is unable to prove to the satisfaction of Mhlontlo Local Municipality that the statement was made in good faith or reasonable steps were taken to confirm the correctness of the statements, the project director in consultation with the chief financial officer shall prepare a report on the matter and make a recommendation to the Municipal Manager for placing the contractor or any of its principals under restrictions from doing business with the Mhlontlo Local Municipality.

**6.1.7.2** The Municipal Manager may, as appropriate, upon the receipt of a recommendation made in terms of 6.1.7.1 and after notifying the contractor of such intention in writing and giving written reasons for such action, suspend a contractor or any principal of that contractor from submitting a tender offer to Mhlontlo Local Municipality for a period of time.

**6.1.7.3** The SCM Unit shall:

- a) record the names of those placed under restrictions in an internal register which shall be accessible to employees and agents of Mhlontlo Local Municipality who are engaged in procurement processes; and
- b) notify the National Treasury or the provincial treasury, as applicable] and , if relevant, the Construction Industry Development Board, of such decision and provide them with the details associated therewith.

## 6.1.8 Complaints

**6.1.8.1** All complaints regarding the Mhlontlo Local Municipality's infrastructure delivery management system shall be addressed to the Technical department. Such complaints shall be in writing.

**6.1.8.2** The Technical department shall investigate all complaints regarding the infrastructure procurement and delivery management system and report on actions taken to the accounting officer who will decide on what action to take.

## 1.17. 6.2 Acquisition management

### 6.2.1 Unsolicited proposal

**6.2.1.1** The Mhlontlo Local Municipality is not obliged to consider unsolicited offers received outside a normal procurement process but may consider such an offer only if:

- a) the goods, services or any combination thereof that is offered is a demonstrably or proven unique innovative concept;
- b) proof of ownership of design, manufacturing, intellectual property, copyright or any other proprietary right of ownership or entitlement is vested in the person who made the offer;
- c) the offer presents a value proposition which demonstrates a clear, measurable and foreseeable benefit for Mhlontlo Local Municipality;
- d) the offer is in writing and clearly sets out the proposed cost;
- e) the person who made the offer is the sole provider of the goods or service; and
- f) the Accounting Officer finds the reasons for not going through a normal tender processes to be sound.

**6.2.1.2** The Accounting Officer may only accept an unsolicited offer and enter into a contract after considering the recommendations of the tender committee if:

- a) the offer relates to known institutional requirements that cannot, within reasonable and practical limits, be acquired through a competitive or competitive negotiation procedure as provided for in SANS 10845-1;
- b) the goods, service or any combination thereof is used for or relates to a matter that falls within the Mhlontlo Local Municipality's mandate or functions; and
- c) the person who made the offer satisfies all other requirements which are conditional upon the award of a contract.

## 6.2.2 Tax compliance

**6.2.2.1** No contract may be awarded or order issued unless a tenderer or contractor is in possession of an original valid Tax Clearance Certificate issued by SARS provided that the tenderer is not domiciled in the Republic of South Africa and the SARS has confirmed that such a tenderer is not required to prove their tax compliance status.

**6.2.2.2** In the case of a partnership, each partner shall comply with the requirements of 6.2.2.1. 17

**6.2.2.3** No payment shall be made to a contractor who does not satisfy the requirements of 6.2.2.2. An employee of Mhlontlo Local Municipality shall upon detecting that a tenderer or contractor is not tax compliant, immediately notify such person of such status.

**6.2.2.4** Notwithstanding the requirements of 6.2.2.1 and 6.2.2.3 the following shall apply, unless a person who is not tax compliant indicates to Mhlontlo Local Municipality that it intends challenging its tax compliance status with SARS,

- a) a contract may be awarded to a non-compliant tenderer if such a tenderer is able to remedy its tax compliance status within a period not exceeding 10 working days after being duly notified of its non-compliant status;
- b) an order may be awarded to a non-compliant contractor if such a contractor is able to remedy its tax compliance status within a period not exceeding 10 working days after being duly notified of its non-compliant status;
- c) a non-compliant contractor shall be issued with a first warning that payments in future amounts due in terms of the contract may be withheld, before the authorising of any payment due to such contractor;
- d) before authorising a further payment due to a non-compliant contractor who has failed to remedy its tax compliance status after receiving a first warning, a second and final warning shall be issued to such contractor;
- e) no payments may be released for any amounts due in terms of the contract due to a noncompliant contractor if, after a period of 30 calendar days have lapsed since the second warning was issued, the non-compliant contractor has failed to remedy its tax compliance status.

**6.2.2.5** The Mhlontlo Local Municipality may cancel a contract with a non-compliant contractor if such a contractor fails to remedy its tax compliance status after a period of 30 calendar days have lapsed since the second warning was issued in terms of 6.2.2.4e).

### 6.2.3 Declarations of interest

Tenders and respondents making submissions in response to an invitation to submit a tender or a call for an expression of interest, respectively shall declare in the Compulsory Declaration whether or not any of the principals:

- a) are an employee of the Mhlontlo Local Municipality or in the employ of the state; or
- b) have a family member or a business relation with a person who is in the employ of the state.

### 6.2.4 Invitations to submit expressions of interest or tender offers

**6.2.4.1** All invitations to submit tenders where the estimated value of the contract exceeds R200 000 including VAT, except where a confined tender process is followed, and expressions of interest shall be advertised on the Mhlontlo Local Municipality's website. Advertisements shall be placed by SCM Unit

**6.2.4.2** Advertisements relating to construction works which are subject to the Construction Industry Development Regulations issued in terms of the Construction Industry Development Act of 2000 shall in addition to the requirements of 6.2.4.1 be advertised on the CIDB website. Advertisements shall be placed by SCM Unit.

**6.2.4.3** Where deemed appropriate by the SCM Unit an invitation to tender and a call for an expression of interest shall be advertised in suitable local and national newspapers as directed by such person. Advertisements shall be placed by SCM Unit.

**6.2.4.4** Invitations to submit tenders above the threshold for quotations and calls for expressions of interest shall in addition to the requirements of 6.2.4.1 to 6.2.4.3 also be published in the Government Tender Bulletin. Such advertisements shall be advertised for a period of at least 21 days before closure, except in urgent cases when the advertisement period may be shortened as determined by the accounting officer.

**6.2.4.5** Invitations to submit expressions of interest or tender offers shall be issued not less than 10 working days before the closing date for tenders and at least 5 working days before any compulsory clarification meeting. Procurement documents shall be made available not less than 7 days before the closing time for submissions.

## 6.2.5 Publication of submissions received and the award of contracts

**6.2.5.1** The SCM Unit shall publish within 10 working days of the closure of any advertised call for an expression of interest or an invitation to tender where the estimated value of the contract exceeds R200 000 including VAT on the institution's website, the names of all tenderers that made submissions to that advertisement, and if practical or applicable, the total of the prices and the preferences claimed. Such information shall remain on the website for at least 30 days.

**6.2.5.2** The [designated person] shall publish within 7 working days of the award of a contract the following on the Mhlontlo Local Municipality's website

- a) the contract number;
- b) contract title;
- c) brief description of the goods, services or works;
- d) the total of the prices, if practical;
- e) the names of successful tenderers and their B-BBEE status level of contribution;
- f) duration of the contract; and
- g) brand names, if applicable.

**6.2.5.3** The SCM Unit shall submit within 7 working days of the award of a contract the information required by National Treasury on the National Treasury eTender Publication Portal regarding the successful and unsuccessful tenders. Submissions shall be made by SCM Unit.

**6.2.5.4** The award of contracts relating to construction works which are subject to the Construction Industry Development Regulations issued in terms of the Construction Industry Development Act of 2000 shall in addition to the requirements of 6.2.5.3 be notified on the CIDB website. The notification shall be made by placed by SCM Unit.

**6.2.4.5** The award of the contract shall in addition to the requirements of 6.2.4.1 to 6.2.4.3 also be published in the Government Tender Bulletin.

## 6.2.6 Disposal committee

**6.2.6.1** The Accounting Officer shall appoint on a disposal by disposal basis in writing the members of the disposal committee to decide on how best to undertake disposals in accordance with the provisions of clause 10 of the standard.

**6.2.6.2** The disposal panel shall comprise not less than three people. The chairperson shall be an employee of Mhlontlo Local Municipality.

**6.2.6.3** The disposal committee shall make recommendations to the accounting officer who shall approve the recommendations, refer the disposal strategy back to the disposal committee for their reconsideration, decide not to proceed or to start afresh with the process.

**1.18.        6.3 Reporting of infrastructure delivery management information**

Accounting officer shall submit any reports required in terms of the standard to the National Treasury.

**7 Infrastructure procurement**

**1.19.        7.1 Procurement documents**

**7.1.1** The forms of contract that may be used are as follows:

Form of contract	Code	Usage

**7.1.2** The Mhlontlo Local Municipality preapproved templates for Part C1 (Agreements and contract data) of procurement documents shall be utilized to obviate the need for legal review prior to the awarding of a contract. All modifications to the standard templates shall be approved by the accounting officer prior to being issued for tender purposes.

**1.20.        7.2 Developmental procurement policy**

The following specific goals shall be proposed:

**7.2.1** the goal of this Policy is to provide a framework to ensure a sound and accountable system of supply chain management within the Mhlontlo Local Municipality, whilst promoting the following five pillars of procurement, value for money, open and effective competition, ethics and fair dealing, accounting and reporting and equity

**7.2.2** to give effect to section 217 of the Constitution of the Republic of South Africa by implementing a system that is fair, equitable, transparent, competitive and cost effective;

**7.2.3** to comply with all applicable provisions of the Municipal Finance Management Act including the Municipal Supply Chain Management Regulations published under GN868 in Government Gazette 27636 30 May 2005 and any National Treasury Guidelines issued in terms of the MFMA

**7.4 Payment of contractors**

The Mhlontlo Local Municipality shall settle all accounts in accordance with the terms of the contract.

## **1.21. 7.5 Approval to utilise specific procurement procedures**

**7.5.1** Prior approval shall be obtained for the following procurement procedures from the following persons, unless such a procedure is already provided for in the approved procurement strategy:

- a) accounting officer shall authorise the use of the negotiated procedure above the thresholds provided in the standard.
- b) accounting officer shall authorise the approaching of a confined market except where a rapid response is required in the presence of, or the imminent risk of, an extreme or emergency situation arising from the conditions set out in the standard and which can be dealt with or the risks relating thereto arrested within 48 hours; and
- c) the proposal procedure using the two-envelope system, the proposal procedure using the two-stage system or the competitive negotiations procedure<sup>36</sup>.

**7.5.2** The person authorised to pursue a negotiated procedure in an emergency is accounting officer.

## **1.22. 7.6 Receipt and safeguarding of submissions**

**7.6.1** A dedicated and clearly marked tender box shall be made available to receive all submissions made.<sup>38</sup>

**7.6.2** The tender box shall be fitted with two locks and the keys kept separately by two municipal officials. Such personnel shall be present when the box is opened on the stipulated closing date for submissions.

## **1.23. 7.7 Opening of submissions**

**7.7.1** Submissions shall be opened by an opening panel comprising two people nominated by the chief financial officer who have declared their interest or confirmed that they have no interest in the submissions that are to be opened.

**7.7.2** The opening panel shall open the tender box at the stipulated closing time and:

- a) sort through the submissions and return those submissions to the box that are not yet due to be opened including those whose closing date has been extended;
- b) return submissions unopened and suitably annotated where:
  - 1) submissions are received late, unless otherwise permitted in terms of the submission data;
  - 2) submissions were submitted by a method other than the stated method,

- 3) submissions were withdrawn in accordance with the procedures contained in SANS 10845-3; and.
- 4) only one tender submission is received and it is decided not to open it and to call for fresh tender submissions;
- c) record in the register submissions that were returned unopened; 21
- d) open submissions if received in sealed envelopes and annotated with the required particulars and read out the name of and record in the register the name of the tenderer or respondent and, if relevant, the total of prices including VAT where this is possible;
- e) record in the register the name of any submissions that is returned with the reasons for doing so;
- f) record the names of the tenderer's representatives that attend the public opening;
- g) sign the entries into the register; and
- h) stamp each returnable document in each tender submission.

**7.7.3** Each member of the opening panel shall initial the front cover of the submission and all pages that are stamped in accordance with the requirements of 7.7.3h).

**7.7.4** Respondents and tenderers whose submissions are to be returned shall be afforded the opportunity to collect their submissions.

**7.7.5** Submissions shall be safeguarded from the time of receipt until the conclusion of the procurement process.

#### **1.24. 7.8 Use of another organ of state's framework agreement**

The Mhlontlo Local Municipality may make use of another organ of state's framework contract which has been put in place by means of a competitive tender process and there are demonstrable benefits for doing so. The Accounting Officer shall make the necessary application to that organ of state to do so.

#### **1.25. 7.9 Use of a framework agreement by another organ of state**

**7.9.1** An organ of state may request in writing to make use of one or more of Mhlontlo Local Municipality's framework contracts. Such a request signed by the accounting officer or accounting authority of that organ of state, shall:

- a) outline the scope and anticipated quantum of work associated with the work that is required;
- b) provide a motivation for the use of the framework agreement; and
- c) detail the benefit for the state to be derived from making use of the framework agreement.



**7.9.2** The Accounting Officer may approve a request made in terms of 7.9.1 to make use of the Mhlontlo Local Municipality’s framework contract, conditionally or unconditionally, if:

- a) the framework agreement was put in place following a competitive tender process;
- b) confirmation is obtained that the framework contract is suitable for the intended use and the required goods, services and works fall within the scope of such contract;
- c) the framework contractor agrees in writing to accept an order from that organ of state; and
- d) the organ of state undertakes to pay the contractor in accordance with the terms and conditions of the agreement; and
- f) the term of the framework agreement does not expire before the issuing of the required orders.

## 1.26. 7.10 Insurances

**7.10.1** Contractors shall be required to take out all insurances required in terms of the contract.<sup>42</sup>

**7.10.2** The insurance cover in engineering and construction contracts for loss of or damage to property (except the works, Plant and Materials and Equipment) and liability for bodily injury to or death of a person (not an employee of the Contractor) caused by activity in connection with a contract shall in general not be less than the value stated in Table 4, unless otherwise directed by accounting officer.

**7.10.3** Lateral earth support insurance in addition to such insurance shall be take out on a case by case basis.

Table 4: Minimum insurance cover

Type of insurance	Value
Engineering and construction contracts - loss of or damage to property (except the works, Plant and Materials and Equipment) and liability for bodily injury to or death of a person (not an employee of the Contractor) caused by activity in connection with a contract	Not less than R20 million
Professional services and service contracts - death of or bodily injury to employees of the Contractor arising out of and in the course of their employment in connection with a contract or damage to property	Not less than R10 million
Professional indemnity insurance	geotechnical, civil and structural engineering: R5,0 million electrical, mechanical and engineering: R3,0 million architectural: R5,0 million other R3,0 million

**7.10.4** The insurance cover in professional services and service contracts for damage to property or death of or bodily injury to employees of the Contractor arising out of and in the course of their employment in connection with a contract shall not be less than the value stated in Table 4 for any one event unless otherwise directed by the accounting officer.

**7.10.5** SASRIA Special Risk Insurance in respect of riot and associated risk of damage to the works, Plant and Materials shall be taken out on all engineering and construction works.

**7.10.5** Professional service appointments shall as a general rule be subject to proof of current professional indemnity insurance being submitted by the contractor in an amount not less than the value stated in Table 4 in respect of each claim, without limit to the number of claims, unless otherwise directed by the accounting officer in relation to the nature of the service that they provide.

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**7.10.6** Mhlontlo Local Municipality shall take out professional indemnity insurance cover where it is deemed necessary to have such insurance at a level higher than the levels of insurance commonly carried by contractors.

**7.10.7** Where payment is to be made in multiple currencies, either the contractor or Mhlontlo Local Municipality should be required to take out forward cover. Alternatively, the prices for the imported content should be fixed as soon as possible after the starting date for the contract.

## **1.27. 7.11 Written reasons for actions taken**

**7.11.1** Written reasons for actions taken shall be provided by a relevant director.

**7.11.2** The written reasons for actions taken shall be as brief as possible and shall as far as is possible, and where relevant, be framed around the clauses in the:

- a) ISO 10845-3, *Construction procurement - Part 3: Standard conditions of tender*, and, giving rise to the reason why a respondent was not short listed, prequalified or admitted to a data base; or
- b) ISO 10845-4, *Construction procurement - Part 4: Standard conditions for the calling for expressions of interest*; as to why a tenderer was not considered for the award of a contract or not awarded a contract.

**7.11.3** Requests for written reasons for actions taken need to be brief and to the point and may not divulge information which is not in the public interest or any information which is considered to prejudice the legitimate commercial interests of others or might prejudice fair competition between tenderers.

## **1.28. 7.12 Request for access to information**

**7.12.1** Should an application be received in terms of Promotion of Access to Information Act of 2000 (Act 2 of 2000), the “requestor” should be referred to the Mhlontlo Local Municipality’s Information Manual which establishes the procedures to be followed and the criteria that have to be met for the “requester” to request access to records in the possession or under the control of Mhlontlo Local Municipality’s.

**7.12.2** Access to technical and commercial information such as a comprehensive programme which links resources and prices to such programme should be refused as such information provides the order and timing of operations, provisions for time risk allowances and statements as to how the contractor plans to do the work which identifies principal equipment and other resources which he plans to use. Access to a bill of quantities and rates should be provided in terms of the Act.

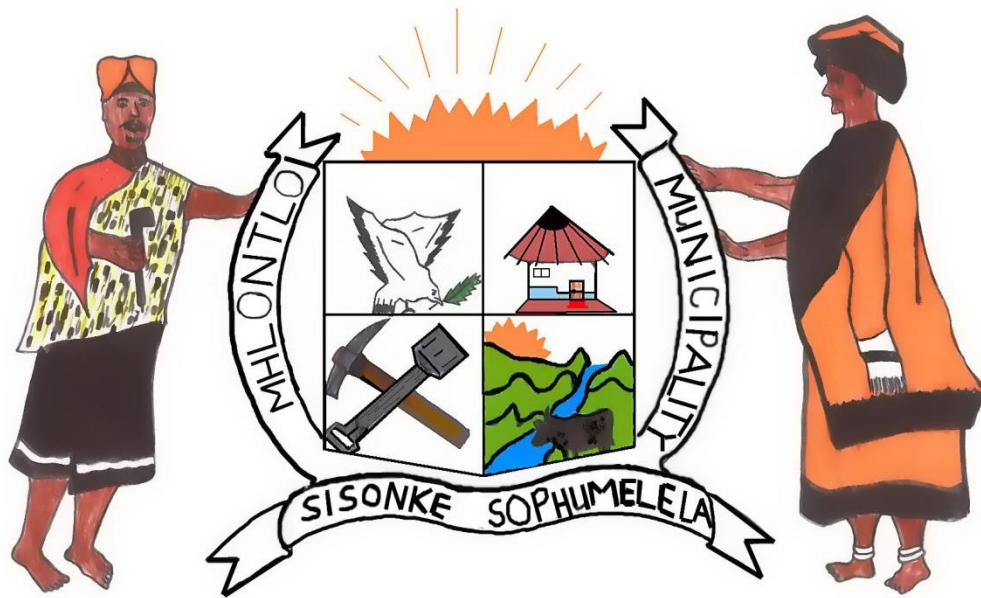
**8.** Council resolves in terms of Sec 111 of the Local Government Municipal Finance Management Act (Act No. 56 of 2003), to adopt the following proposal as the Supply Chain Management Policy for Infrastructure Procurement and Delivery Management of Mhlontlo Local Municipality to incorporated under supply chain management policy

This Policy takes effect on the **01<sup>st</sup> July 2019**

<b>Signature:</b>	
<b>Initials and Surname:</b>	<b>N. Dywili</b>
<b>Designation:</b>	<b>Mayor</b>
<b>Council Resolution Number:</b>	
<b>Council Date:</b>	<b>17 MAY 2019</b>

**...END...**

# PROPERTY RATES POLICY



## MHLONTLO LOCAL MUNICIPALITY

(FOR IMPLEMENTATION ON 1 JULY 2019)

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## MHLONTLO LOCAL MUNICIPALITY

### PROPERTY RATES POLICY

#### **1. LEGISLATIVE CONTEXT**

- 1.1 This policy is mandated by Section 3 of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004), which specifically provides that a municipality must adopt a Rates Policy.
- 1.2 In terms of Section 229 of the Constitution of the Republic of South Africa, 1996 (No.108 of 1996), a municipality may impose rates on property.
- 1.3 In terms of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004) a local municipality in accordance with-
- a. Section 2(1), may levy a rate on property in its area; and
  - b. Section 2(3), must exercise its power to levy a rate on property subject to-
    - i. Section 229 and any other applicable provisions of the Constitution;
    - ii. the provisions of the Property Rates Act and the regulations promulgated in terms thereof; and
    - iii. the rates policy.
- 1.4 In terms of Section 4 (1) (c) of the Local Government: Municipal Systems Act, 2000 (No. 32 of 2000), the Council of a municipality has the right to finance the affairs of the municipality by imposing, *inter alia*, rates on property.
- 1.5 In terms of Section 62(1)(f)(ii) of the Local Government: Municipal Finance Management Act, 2003 (No. 56 of 2003) the municipal manager must ensure that the municipality has and implements a rates policy.
- 1.6 This policy must be read together with, and is subject to the stipulations of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004) and any regulations promulgated in terms thereof.

#### **2. DEFINITIONS**

- 2.1 “**Act**” means the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004);
- 2.2 “**Agent**”, in relation to the owner of a property, means a person appointed by the owner of the property-
- (a) to receive rental or other payments in respect of the property on behalf of the owner; or

(b) to make payments in respect of the property on behalf of the owner;

2.3 “**Agricultural purpose**” in relation to the use of a property, includes the use of a property for the purpose of eco-tourism or for the trading in or hunting of game;

- 2.4 **“Annually”** means once every financial year;
- 2.5 **“Category”**
- (a) in relation to property, means a category of properties determined in terms of Section 7 of this policy; and
  - (b) in relation to owners of properties, means a category of owners determined in terms of Section 8 of this policy.
- 2.6 **“Child-headed household”** means a household where the main caregiver of the said household is younger than 18 years of age. Child-headed household means a household headed by a child as defined in terms of section 28(3) of the Constitution.
- 2.7 **“Definitions, words and expressions”** as used in the Act are applicable to this policy document where ever it is used;
- 2.8 **“Land reform beneficiary”**, in relation to a property, means a person who -
- (a) acquired the property through -
    - (i) the Provision of Land and Assistance Act, 1993 (Act No. 126 of 1993); or
    - (ii) the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994);
  - (b) holds the property subject to the Communal Property Associations Act, 1996 (Act No 28 of 1996);
  - (c) holds or acquires the property in terms of such other land tenure reform legislation as may pursuant to section 25(6) and (7) of the Constitution (Act No.108 of 1996) be enacted after this Act has taken effect;
- 2.9 **“Land tenure right”** means an old order right or a new order right as defined in section 1 of the Communal Land Rights Act, 2004 (Act No.11 of 2004);
- 2.10 **“Municipality”** means the Local Municipality of Mhlontlo;
- 2.11 **“Newly Rateable property”** means any rateable property on which property rates were not levied before the end of the financial year preceding the date on which this Act took effect, excluding –
- (a) a property which was incorrectly omitted from a valuation roll and for that reason was not rated before that date; and



- (b) a property identified by the Minister by notice in the Gazette where the phasing-in of a rate is not justified;

2.12 **“Owner”-**

- (a) in relation to a property referred to in paragraph (a) of the definition of “property”, means a person in whose name ownership of the property is registered;

- (b) in relation to a right referred to in paragraph (b) of the definition of “property”, means a person in whose name the right is registered;
- (c) in relation to a land tenure right referred to in paragraph (c) of the definition of “property”, means a person in whose name the right is registered or to whom it was granted in terms of legislation; or
- (d) in relation to public service infrastructure referred to in paragraph (d) of the definition of “property”, means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of “publicly controlled”,

provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases: -

- (i) a trustee, in the case of a property in a trust excluding state trust land;
- (ii) an executor or administrator, in the case of a property in a deceased estate;
- (iii) a trustee or liquidator, in the case of a property in an insolvent estate or in
- (iv) a judicial manager, in the case of a property in the estate of a person under
- (v) a curator, in the case of a property in the estate of a person under curatorship;
- (vi) a person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude;
- (vii) a lessee, in the case of a property that is registered in the name of a municipality and is leased by it; or
- (viii) a buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer;

**2.13 “Property” means -**

- (a) immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;
  - (b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
  - (c) a land tenure right registered in the name of a person or granted to a person in terms of legislation;
- or

- (d) public service infrastructure.

2.14 **“Public service infrastructure”** means publicly controlled infrastructure of the following kinds:

- (a) national, provincial or other public roads on which goods, services or labour move across a municipal boundary;
- (b) water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public;
- (c) power stations, power substations or power lines forming part of an electricity scheme serving the public;
- (d) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;
- (e) railway lines forming part of a national railway system;
- (f) communication towers, masts, exchanges or lines forming part of a communications system serving the public;
- (g) runways or aprons at national or provincial airports;
- (h) breakwaters, sea walls, channels, basins, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising lighthouses, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels;
- (i) any other publicly controlled infrastructure as may be prescribed; or
- (j) rights of way, easements or servitudes in connection with infrastructure mentioned in paragraphs (a) to (i).

2.15 **“Residential property”** means improved property that: -

- (a) is used predominantly (60% or more) for residential purposes including any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property. Any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes.

- (b) Is a unit registered in terms of the Sectional Title Act and used predominantly for residential purposes.
- (c) Is owned by a share-block company and used solely for residential purposes.
- (d) Is a residence used for residential purposes situated on property used for or related to educational purposes.
- (e) Retirement schemes and life right schemes used predominantly (60% or more) for residential purposes.

And specifically exclude hostels, flats, old age homes, guest houses and vacant land irrespective of its zoning or intended use.

2.16 **“Rural communal settlements”** means the residual portion of rural communal land excluding identifiable and rateable entities within the property and excluding State Trust Land and land reform beneficiaries as defined in the Act.

2.17 **“state trust land”** means land owned by the state-

- (a) in trust for persons communally inhabiting the land in terms of a traditional system of land tenure;
- (b) over which land tenure rights were registered or granted; or
- (c) which is earmarked for disposal in terms of the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994).

### 3. POLICY PRINCIPLES

- 3.1 Rates are levied in accordance with the Act as an amount in the rand based on the market value of all rateable property contained in the municipality's valuation roll and supplementary valuation roll.
- 3.2 As allowed for in the Act, the municipality has chosen to differentiate between various categories of property and categories of owners of property as contemplated in clause 7 and 8 of this policy. Some categories of property and categories of owners are granted relief from rates. The municipality however does not grant relief in respect of payments for rates to any category of owners or properties, or to owners of properties on an individual basis.
- 3.3 There would be no phasing in of rates based on the new valuation roll, except as prescribed by legislation and in accordance with clause 16 of this policy.
- 3.4 In accordance with section 3(3) of the Act, the rates policy for the municipality is based on the following principles:

(a) Equity

The municipality will treat all ratepayers with similar properties the same.

(b) Affordability

The ability of a person to pay rates will be taken into account by the municipality. In dealing with the poor/indigent ratepayers the municipality will provide relief measures through exemptions, reductions, rebates and cross subsidy from the equitable share allocation.

(c) Sustainability

Rating of property will be implemented in a way that:

- i. it supports sustainable local government by providing a stable and buoyant revenue source within the discretionary control of the municipality;
- ii. Supports local, social and economic development; and
- iii. Secures the economic sustainability of every category of ratepayer.

(d) Cost efficiency

Rates will be based on the value of all rateable property and will be used to fund community and subsidised services after taking into account surpluses generated on economic (refuse removal) services and the amounts required to finance exemptions, rebates, reductions and phasing-in of rates as approved by the municipality from time to time.

#### **4. SCOPE OF THE POLICY**

- 4.1 This policy document guides the annual setting (or revision) of property rates tariffs. It does not necessarily make specific property rates tariffs proposals. Details pertaining to the applications of the various property rates tariffs are annually published in the Provincial Gazette and the municipality's schedule of tariffs, which must be read in conjunction with this policy.

#### **5. APPLICATION OF THE POLICY**

- 5.1 In imposing the rate in the rand for each annual operating budget component, the municipality shall grant exemptions, rebates and reductions to the categories of properties and categories of owners as allowed for in this policy document.

#### **6. PRINCIPLES APPLICABLE TO FINANCING OF SERVICES**

- 6.1 The municipal manager or his/her nominee must, subject to the guidelines provided by the National Treasury and the Executive Committee of the municipality, make provision for the following classification of services:

-

(a) Economic services

- i. Refuse removal.

(b) Community and subsidised services.

These include all other services ordinarily being rendered by the municipality excluding those mentioned in 6.1(a).

- 6.2 Economic services as referred to in clause (a) must be ring fenced and financed from service charges while community and subsidised services referred to in clause (b) will be financed from surpluses on economic services, regulatory fees, rates and rates related income.

## **7. CATEGORIES OF PROPERTY**

7.1 Different rates may be levied in respect of the following categories of rateable properties and such rates will be determined on an annual basis during the compilation of the annual budget: -

7.1.1 Residential properties;

7.1.2 Industrial properties;

7.1.3 Business properties;

7.1.4 Agricultural properties;

7.1.5 Small Holdings;

7.1.6 State owned properties;

7.1.7 Municipal properties;

7.1.8 Public service infrastructure referred to in the Act;

7.1.9 Properties owned by Public Benefit Organisations;

7.1.10 Places of Worship;

7.1.11 Educational;

7.1.12 Vacant Stands.

7.2 In determining the category of a property referred to in 7.1 the municipality shall take into consideration the dominant use of the property, regardless the formal zoning of the property.

7.3 Properties used for multiple purposes shall be categorised and rated as provided for in section 9 of the Act and as more fully described in clause 9 of this policy.

## **8. CATEGORIES OF OWNERS**

8.1 For the purpose of granting exemptions, reductions and rebates in terms of clause 11, 12 and 13 respectively the following categories of owners of properties are determined: -

- (a) Those owners who qualify and who are registered as indigents in terms of the adopted indigent policy of the municipality;
- (b) Those owners who do not qualify as indigents in terms of the adopted indigent policy of the municipality but whose total monthly income is less than the amount annually determined by the municipality in its budget;
- (c) Owners of property situated within an area affected by-
  - i. a disaster within the meaning of the Disaster Management Act, 2002 (Act No. 57 of 2002); or
  - ii. serious adverse social or economic conditions.
- (d) Owners of residential properties with a market value below the amount as determined annually by the municipality in its budget;
- (e) Owners of agricultural properties as referred to in clause 13.1 (b); and
- (f) Child headed families where any child of the owner or child who is a blood relative of the owner of the property, is responsible for the care of siblings or parents of the household.

## **9. PROPERTIES USED FOR MULTIPLE PURPOSES**

- 9.1 Rates on properties used for multiple purposes will be levied in accordance with the “dominant use of the property”.

## **10. DIFFERENTIAL RATING**

- 10.1 Criteria for differential rating on different categories of properties will be according to:-
  - (a) The nature of the property including its sensitivity to rating e.g. agricultural properties used for agricultural purposes.
  - (b) The promotion of local, social and economic development of the municipality.
- 10.2 Differential rating among the various property categories will be done by way of: -
  - (a) setting different cent amount in the rand for each property category; and
  - (b) by way of reductions and rebates as provided for in this policy document.



## 11. EXEMPTIONS AND IMPERMISSIBLE RATES

11.1 The following categories of property are exempted from rates: -

(a) Municipal properties

Municipal properties are exempted from paying rates as it will increase the rates burden or service charges to property owners or consumers. However, where municipal properties are leased, the lessee will be responsible for the payment of determined assessment rates in accordance with the lease agreement.

(b) Residential properties

All residential properties with a market value of less than the amount as annually determined by the municipality are exempted from paying rates. **For the 2018/2019 financial year the maximum reduction is determined as R30 000.** The impermissible rates of R15 000 contemplated in terms of section 17(1) (h) of the Property Rates Act is included in the amount referred to above as annually determined by the municipality. The first R30 000 (thirty thousand) value of all residential properties and including farm properties used for residential purposes is exempt from being rated and is excluded from the market value when determining rates payable.

RDP houses are exempted from paying rates except when there has been building improvements wherein the normal rating will apply.

(c) Public Service Infrastructure

The Municipality may not levy rates on the first 30% of the market value of public service infrastructure.

(d) Right registered against a property

Any right registered against a property as defined in clause 2.13(b) of this policy is exempted from paying rates.

11.2 Exemptions in clause 11.1 will automatically apply and no application is thus required.

11.3 Impermissible Rates: In terms of section 17(1) of the Property Rates Act the municipality may, inter alia, not levy a rate: -

- (a) On those parts of a special nature reserve, national park or nature reserve within the meaning of the National Environmental Management: Protected Areas Act, 2003 (Act No. 57 of 2003) or of a

national botanical garden within the meaning of the National Environmental Management: Biodiversity Act, 2004, which are not developed or used for commercial, business, or residential agricultural purposes.

- (a) On mineral rights within the meaning of paragraph (b) of the definition of “property” in section 1 of the Act.
- (b) On a property belonging to a land reform beneficiary or his or her heirs, provided that this exclusion lapses ten years from the date on which such beneficiary’s title was registered in the office of the Registrar of Deeds.
- (c) On a property registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by an office-bearer of that community who officiates at services at that place of worship.

#### 11.4 Public Benefit Organisations (PBO’s)

Taking into account the effects of rates on PBOs performing a specific public benefit activity and if registered in terms of the Income Tax Act, 1962 (No 58 of 1962) for tax reduction because of those activities, Public Benefit Organizations may apply for the exemption of property rates. Public Benefit Organizations may include, inter alia: -

- (a) *Welfare and humanitarian*  
For example, PBOs providing disaster relief.
- (b) *Health Care*  
For example, PBO’s providing counselling and treatment of persons afflicted with HIV and AIDS including the care of their families and dependents in this regard.
- (c) *Education and development*  
For example, PBO’s providing early childhood development services for pre-school children.
- (d) *Sporting bodies*  
Property used by an organization for sporting purposes on a non-professional basis:
- (e) *Cultural institutions*  
Property used for purposes declared in terms of the Cultural Institutions Act, Act 29 of 1969 or the Cultural Institutions Act, Act 66 of 1989.
- (f) *Museums, libraries, art galleries and botanical gardens*  
Property registered in the name of private persons, open to the public and not operated for gain.

(g) *Animal welfare*

Property owned or used by organizations whose exclusive aim is to protect birds, reptiles and animals on a not-for-gain basis.

(h) *Cemeteries and crematoriums*

Property used for cemeteries and crematoriums.

(i) *Welfare institutions*

Properties used exclusively as an orphanage, non-profit retirement villages, old age homes or benevolent/charitable institutions, including workshops used by the inmates, laundry or cafeteria facilities; provided that any profits from the use of the property are used entirely for the benefit of the institution and/or to charitable purposes within the municipality.

(j) *Charitable institutions*

Property owned or used by institutions or organizations whose aim is to perform charitable work on a not-for-gain basis.

11.5 All possible benefiting organisations in clause 11.4 must apply annually for exemptions. All applications must be addressed in writing to the municipality by 31 August for the financial year in respect of which the rate is levied. If the exemption applied for is granted the exemption will apply for the full financial year.

11.6 Public benefit organisations must attach a SARS tax exemption certificate issued by the South African Revenue Services (SARS) as contemplated in Part 1 of the Ninth Schedule of the Income Tax Act, 1962 (No 58 of 1962) to all applications.

11.7 The municipality retains the right to refuse the exemption if the details supplied in the application form were incomplete, incorrect or false.

11.8 The extent of the exemptions implemented in terms of clauses 11.1 to 11.4 must annually be determined by the municipality and included in the annual budget.

## **12. REDUCTIONS**

12.1 Reductions as contemplated in section 15 of the Act will be considered on an *ad-hoc* basis in the event of the following: -

12.1.1 Partial or total destruction of a property.

12.1.2 Disasters as defined in the Disaster Management Act, 2002 (Act 57 of 2002).

12.2 The following conditions shall be applicable in respect of clause 12.1: -

- 12.2.1 The owner referred to in clause 12.1.1 shall apply in writing for a reduction and the onus will rest on such applicant to prove to the satisfaction of the municipality that his property has been totally or partially destroyed. He/ she will also have to indicate to what extent the property can still be used and the impact on the value of the property.
- 12.2.2 Property owners will only qualify for a rebate if affected by a disaster as referred to in the Disaster Management Act, 2002 (Act No. 57 of 2002).
- 12.2.3 A maximum reduction to be determined on an annual basis shall be allowed in respect of both clauses 12.1.1 and 12.1.2. For the 2017/2018 financial year the maximum reduction is determined as 80%.
- 12.2.4 An ad-hoc reduction will not be given for a period in excess of 6 months, unless the municipality gives further extension on application.
- 12.2.5 If rates were paid in advance prior to granting of a reduction the municipality will give credit to such an owner as from the date of reduction until the date of lapse of the reduction or the end of the period for which payment was made whichever occurs first.

## **13. REBATES**

### **13.1. Categories of property**

#### **(a) Business, commercial and industrial properties**

- i. The municipality may grant rebates to rateable enterprises that promote local, social and economic development in its area of jurisdiction. The following criteria will apply: -
  - a. job creation in the municipal area;
  - b. social upliftment of the local community; and
  - c. creation of infrastructure for the benefit of the community.
- ii. A maximum rebate as annually determined by the municipality will be granted on approval, subject to: -
  - a. a business plan issued by the directors of the company indicating how the local, social and economic development objectives of the municipality are going to be met;

- b. a continuation plan issued by the directors and certified by auditors of the company stating that the objectives have been met in the first year after establishment and how the company plan to continue to meet the objectives; and
  - c. an assessment by the municipal manager or his/her nominee indicating that the company qualifies.
- iii. All applications must be addressed in writing to the municipality by 31 August for the financial year in respect of which the rate is levied. If the rebate applied for is granted the rebate will apply for the full financial year.

(b) Agricultural property rebate

- i. When considering the criteria to be applied in respect of any exemptions, rebates and reductions on any properties used for agricultural purposes the municipality must take into account: -
  - a. the extent of rates related services rendered by the municipality in respect of such properties.
  - b. the contribution of agriculture to the local economy.
  - c. the extent to which agriculture assists in meeting the service delivery and developmental objectives of the municipality; and
  - d. the contribution of agriculture to the social and economic welfare of farm workers.
- ii. In terms of section 84 of the Act the Minister for Provincial and Local Government, and in concurrence with the Minister of Finance as required through section 19 of the Act, may determine that a rate levied by the Council on a category of non-residential property may not exceed the ratio to the rate on residential property. In the absence of any such promulgation the municipality will apply the standard ratio for agricultural properties as 1:0.25 (75% rebate on the tariff for residential properties). For the 2018/2019 financial year the minister has promulgated a ratio of 1:0.25.
- iii. An additional rebate (based on the total property value) of maximum 10% will be granted by the municipality in respect of the following: -
  - a. 2,5% for the provision of accommodation in a permanent structure to farm workers and their dependents.
  - b. 2,5% if these residential properties are provided with potable water.
  - c. 2,5% if the farmer for the farm workers electrifies these residential properties.
  - d. 2,5% for the provision of land for burial to own farm workers or educational or recreational purposes to own farm workers as well as people from surrounding farms.
- vi. The granting of additional rebates is subject to the following: -

- a. All applications must be addressed in writing to the municipality by 31 August indicating how service delivery and development obligations of the municipality and contribution to the social and economic welfare of farm workers were met. This application will be required as a once off requirement. Any new applications for the 2017/2018 financial year and onwards must be addressed in writing to the municipality by 31 August for the financial year in respect of which the rate is levied. If the rebate applied for is granted the rebate will apply for the full financial year and such application again regarded as a once off requirement.
- b. Council reserves the right to send officials or its agents to premises/households receiving relief on annual basis for the purpose of conducting an on-site audit of the details supplied. The onus also rests on recipients to immediately notify Council of any changes in their original application.
- c. The municipality retains the right to refuse the exemption if the details supplied in the application form were incomplete, incorrect or false.
- v. No other rebates will be granted to properties that qualify for the agricultural rebate. For the avoidance of doubt, properties that qualify for the agricultural rebate will not be entitled to the residential rate exemption as set out in clause 11.1(b) of this policy.

### **13.2 Categories of owners**

Indigent owners and child headed families will receive a 100% rebate from payment of property tax: -

#### **(a) Indigent owners**

Owners who qualify and who are registered as indigents in terms of the adopted indigent policy of the municipality, regardless of the value of the property, will receive a 100% rebate from payment of property tax. If qualifying in terms of the indigent policy this 100% rebate will automatically apply and no further application is thus required by the owner.

#### **(b) Child headed families**

- i. Families headed by children will receive a 100% rebate for paying property tax, according to monthly household income. To qualify for this rebate, the head of the family must: -
  - a. occupy the property as his/her normal residence;
  - b. not be older than 18 years of age;
  - c. still be a scholar or jobless; and

- d. be in receipt of a total monthly income from all sources not exceeding an amount to be determined annually by the Municipality. For the 2018/2019 financial year this amount is determined as R3 300 per month.
- ii. The family head must apply on a prescribed application form for registration as a child headed household and must be assisted by the municipality with completion of the application form. If qualifying, this rebate will automatically apply and no further application is thus required.

(c) Retired and Disabled Persons Rate Rebate

- i. Retired and Disabled Persons, not registered as indigents, qualify for special rebates according to monthly household income. To qualify for the rebate a property owner must: -
  - a. occupy the property as his/her normal residence;
  - b. be at least 60 years of age or in receipt of a disability pension from the Department of Welfare and Population Development;
  - c. be in receipt of a total monthly income from all sources as annually determined by the municipality (including income of spouses of owner);
  - d. not be the owner of more than one property; and
  - e. provided that where the owner is unable to occupy the property due to no fault of his/her own, the spouse or minor children may satisfy the occupancy requirement.
- ii. Property owners must apply on a prescribed application form for a rebate as determined by the municipality. Applications must be accompanied by-
  - a. a certified copy of the identity document or any other proof of the owners age which is acceptable to the municipality;
  - b. sufficient proof of income of the owner and his/her spouse;
  - c. an affidavit from the owner;
  - d. if the owner is a disabled person proof of a disability pension payable by the state must be supplied; and
  - e. if the owner has retired at an earlier stage for medical reasons proof thereof must be submitted.
- iii. All applications must be addressed in writing to the municipality by 31 August for the financial year in respect of which the rate is levied. If the rebate applied for is granted the rebate will apply for the full financial year. The total monthly income and corresponding rebate is determined as follows: -

- a. R0 to R2 500 per month - 100%.
- b. R2 501 to R5 000 per month - 50%.
- c. R5 001 to R8 000 per month - 20%.
- iv. The municipality retains the right to refuse the exemption if the details supplied in the application form were incomplete, incorrect or false.

13.3 Properties with a market value below a prescribed valuation level of a value to be determined annually by the Municipality may, instead of a rate being determined on the market value, be rated a uniform fixed amount per property.

13.4 The extent of the rebates granted in terms of clauses 13.1 and 13.2 must annually be determined by the municipality and included in the annual budget.

#### **14. PAYMENT OF RATES**

14.1 The rates levied on the properties shall be payable: -

- (a) On a monthly basis; or
- (b) Annually, before 30 September each year.

14.2 Ratepayers may choose paying rates annually in one instalment on or before 30 September each year. If the owner of property that is subject to rates, notify the municipal manager or his/her nominee in writing not later than 30 June in any financial year, or such later date in such financial year as may be determined by the municipality that he/she wishes to pay all rates annually, such owner shall be entitled to pay all rates in the subsequent financial year and each subsequent financial year annually until such notice is withdrawn by him/her in a similar manner.

14.3 The municipality shall determine the due dates for payments in monthly instalments and the single annual payment and this date shall appear on the accounts forwarded to the owner/ tenant/ occupants/ agent.

14.4 Rates payable on an annual basis will be subject to a discount of 15% if paid in full on or before 30 September of each year. Rates payable on a monthly basis will be subject to 5% discount if paid in full by the 7<sup>th</sup> of every month.

14.5 Interest on arrears rates, whether payable on or before 30 September or in equal monthly instalments, shall be calculated in accordance with the provisions of the Credit Control and Debt Collection Policy of the Municipality.



- 14.6 If a property owner who is responsible for the payment of property rates in terms of this policy fails to pay such rates in the prescribed manner, it will be recovered from him/her in accordance with the provisions of the Credit Control and Debt Collection By-law of the Municipality.
- 14.7 Arrears rates shall be recovered from tenants, occupiers and agents of the owner, in terms of section 28 and 29 of the Act and the Municipality's credit control and debt collection by-law.
- 14.8 Where the rates levied on a particular property have been incorrectly determined, whether because of an error or omission on the part of the municipality or false information provided by the property owner concerned or a contravention of the permitted use to which the property concerned may be put, the rates payable shall be appropriately adjusted for the period extending from the date on which the error or omission is detected back to the date on which rates were first levied in terms of the current valuation roll.
- 14.9 In addition, where the error occurred because of false information provided by the property owner or as a result of a contravention of the permitted use of the property concerned, interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation.

## **15. ACCOUNTS TO BE FURNISHED**

- 15.1 The municipality will furnish each person liable for the payment of rates with a written account, which will specify: -
- (i) the amount due for rates payable,
  - (ii) the date on or before which the amount is payable,
  - (iii) how the amount was calculated,
  - (iv) the market value of the property, and
  - (v) rebates, exemptions, reductions or phasing-in, if applicable.
- 15.2 A person liable for payment of rates remains liable for such payment, whether or not such person has received a written account from the municipality. If the person concerned has not received a written account, he/she must make the necessary enquiries with the municipality.
- 15.3 In the case of joint ownership the municipality shall consistently, in order to minimise costs and unnecessary administration, recover rates from one of the joint owners only provided that it takes place with the consent of the owners concerned.

## **16. PHASING IN OF RATES**

16.1 The rates to be levied on newly rateable property shall be phased in as explicitly provided for in section 21 of the Act.

16.2 The phasing-in discount on the properties referred to in section 21 shall be as follows: -

- First year : 75% of the relevant rate;
- Second year : 50% of the relevant rate; and
- Third year : 25% of the relevant rate.

16.3 No rates shall be levied on newly rateable properties that are owned and used by organisations conducting activities that are beneficial to the public and that are registered in terms of the Income Tax Act for those activities, during the first year. The phasing-in discount on these properties shall be as indicated below: -

- First year : 100% of the relevant rate;
- Second year : 75% of the relevant rate;
- Third year : 50% of the relevant rate; and
- Fourth year : 25% of the relevant rate.

## **17. FREQUENCY OF VALUATION**

17.1 The municipality shall prepare a new valuation roll at least every 4 (four) years;

17.2 In accordance with the Act the municipality, under exceptional circumstances, may request the MEC for Local Government and Housing in the province to extend the validity of the valuation roll to 5 (five) years.

17.3 Supplementary valuations may be done on a continual basis but at least on an annual basis.

## **18. COMMUNITY PARTICIPATION**

18.1 Before the municipality adopts the rates policy, the municipal manager will follow the process of community participation envisaged in chapter 4 of the Municipal Systems Act and comply with the following requirements: -

- 18.1.1 Council must establish appropriate mechanisms, processes and procedures to enable the local community to participate and will provide for consultative sessions with locally recognised community organisations and where appropriate traditional authorities.

- 18.1.2 Conspicuously display the draft rates policy for a period of at least 30 days (municipality to include period decided on) at the municipality's head and satellite offices, libraries and on the website.
- 18.1.3 Advertise in the media a notice stating that the draft rates policy has been prepared for submission to council and that such policy is available at the various municipal offices and on the website for public inspection.
- 18.1.4 Property owners and interest persons may obtain a copy of the draft policy from the municipal offices during office hours at a fee as determined by Council as part of its annual tariffs. Property owners and interest persons are invited to submit written comments or representations to the municipality within the specified period in the notice.
- 18.1.5 Council will consider all comments and/or representations received when considering the finalisation of the rates policy.
- 18.1.6 The municipality will communicate the outcomes of the consultation process in accordance with section 17 of the Municipal Systems Act 32 of 2000.

## **19. REGISTER OF PROPERTIES**

- 19.1 The municipality will compile and maintain a register in respect of all properties situated within the jurisdiction of the municipality. The register will be divided into Part A and Part B.
- 19.2 Part A of the register will consist of the current valuation roll of the municipality and will include all supplementary valuations done from time to time.
- 19.3 Part B of the register will specify which properties on the valuation roll or any supplementary valuation roll are subject to:
  - i. Exemption from rates in terms of section 15 of the Property Rates Act,
  - ii. Rebate or reduction in terms of section 15,
  - iii. Phasing-in of rates in terms of section 21, and
  - iv. Exclusions as referred to in section 17.
- 19.4 The register will be open for inspection by the public at the municipal main offices during office hours or on the website of the municipality.
- 19.5 The municipality will update Part A of the register during the supplementary valuation process.

19.6 Part B of the register will be updated on an annual basis as part of the implementation of the municipality's annual budget.

**20. BY-LAWS TO GIVE EFFECT TO THE RATES POLICY**

20.1 The municipality will adopt By-laws to give effect to the implementation of the Rates Policy and such By-laws may differentiate between different categories of properties and different categories of owners of properties liable for the payment of rates.

**21. REGULAR REVIEW PROCESSES**

21.1 The rates policy must be reviewed on an annual basis to ensure that it complies with the Municipality's strategic objectives as contained in the Integrated Development Plan and with legislation.

**22. ENFORCEMENT/IMPLEMENTATION AND ENQUIRIES**

This policy has been approved by the Municipality in terms of Council resolution ..... dated ..... and takes effect on the effective date of the general valuation roll on 1 July 2019.

. *Approved by*                    .....

*Mayor*

.....

*Municipal Manager*

*Date*

.....

# **SUPPLY CHAIN MANAGEMENT POLICY**

**AMENDED**

**1 JULY 2019**



# **MHLONTLO LOCAL MUNICIPALITY EC156**

Tabled – April 2019

## **MUNICIPAL SUPPLY CHAIN MANAGEMENT POLICY**

### **1.29. LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003**

The council of the Mhlontlo Municipality resolves in terms of section 111 of the Local Government: Municipal Finance Management Act, 56 of 2003 to adopt the following as the supply chain management policy of the municipality:

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## **1. DEFINITIONS**

In this policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the act has the same meaning as in the act, and:

*“accounting officer” means a person appointed by the municipality in terms of section 82 of the Local Government : Municipal Structures Act, 1998 (Act 117/1998) and who is the head of administration and also the municipal manager of the municipality.*

*“B-BBEE” means broad-based black economic empowerment as defined in section 1 of the Broad-Based Black Economic Empowerment Act*

*“B-BBEE status level of contributor”* means the B-BBEE status received by a measured entity based on its overall performance using the relevant scorecard contained in the Codes of Good Practice on Black Economic Empowerment, issued in terms of section 9(1) of the Broad Based Black Economic Empowerment Act.

*“close family member” means*

- (a) spouse or partner
- (b) parent
- (c) children

*“closing date” means the time and day specified in the bid documents and/or advertisement of the receipt of bids.*

*“competitive bid”* means a bid in terms of a competitive bidding process.

*“competitive bidding process”* means a competitive bidding process referred to in paragraph 12(1)(d) of this policy.

*“day(s)” means calendar days unless the context indicates otherwise.*

*“emergency” means an unforeseeable and sudden event with harmful or potentially harmful consequences for the municipality which requires urgent action to address.*

*“final award”*, in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept.

*“financial year” means a twelve-month period ending 30 June of every year. “formal written price quotation”* means quotations referred to in paragraph 12(1)(c) of this policy.

*“in the service of the state”* means to be:

- (a) a member of:
  - (i) any municipal council;
  - (ii) any provincial legislature; or
  - (iii) the National Assembly or the National Council of Provinces;
- (b) a member of the board of directors of any municipal entity;
- (c) an official of any municipality or municipal entity;

- (d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1 of 1999;
- (e) a member of the accounting authority of any national or provincial public entity; or
- (f) an employee of Parliament or a provincial legislature.

*“long term contract”* means a contract with a duration period exceeding one (1) year.

*“list of accredited prospective providers”* means the list of accredited prospective providers which a municipality or municipal entity must keep in terms of paragraph 14 of this policy.

*“other applicable legislation”* means other legislation applicable to municipal supply chain management, including:

- (a) the Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000);
- (b) the Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003);
- (c) the Construction Industry Development Board Act, 2000 (Act 38 of 2000);
- (d) *the Local Government Municipal Finance Act, 2003 (Act 56 of 2003);*
- (e) *the Local Government Municipal Systems Act, 2000 (Act 32 of 2000);*
- (f) *the Local Government Municipal Structures Act, 1998 (Act 117 of 1998);*
- (g) the Prevention and Combating of Corrupt Activities Act, 2004 (Act 12 of 2004).
- (h) *the Preferential Procurement Regulations, 2011; and (j) the Competitions Act, 1998 (Act 89/1998).*

*“principle shareholder”* means a person possessing such an interest or number of shares in an organization that he can influence decisions taken.

*“reckoning of number of days” means when any particular number of days is prescribed for the doing of any act, or for any other purpose, the same shall be reckoned exclusively of the first and inclusively of the last day, unless the last day happens to fall on a Sunday or on any public holiday, in which case the time shall be reckoned exclusively of the first day and exclusively of every such Sunday and public holiday.*

*“regulation”* means the Local Government: Municipal Finance Management Act, 2003, Municipal Supply Chain Management Regulations.

*“responsible person”* means a director or manager who is responsible for the procurement of goods and services in his/her department.

*“single provider”* means sole provider – one and only (alone of its kind) supplier (Oxford dictionary). If such goods or services are produced or available from a single provider only. There is no competition and only one (1) provider exists in SA (for example, sole distribution rights).

*“stakeholder”* means any person with a vested interest in a particular organization.

*“strip and quote”* means when the repairs and maintenance on our machines, vehicles are done by one (1) supplier and/or strip/quote, for example a municipal vehicle enters the workshop that needs repairs, however to do the repairs, the vehicle has to be sent to a supplier that determines what repairs should be done.

*“Treasury guidelines”* means any guidelines on supply chain management issued by the Minister in terms of section 168 of the Act.

*“the Act”* means the Local Government: Municipal Finance Management Act, 56 of 2003.

*“validity period”* means the period for which a bid is to remain valid and binding on stipulated in the relevant tender document.

*“written quotations”* means quotations referred to in paragraph 12(1)(b) of this policy.

## **CHAPTER 1**

### **1.30. ESTABLISHMENT AND IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY**

## **2. SUPPLY CHAIN MANAGEMENT POLICY**

2.1 The principles of this policy are that it:

(a) Gives effect to:

**(i) section 217 of the Constitution; and**

(ii) part 1 of chapter 11 and other applicable provisions of the Act.

- (b) Is fair, equitable, transparent, competitive and cost effective;
- (c) Complies with:
  - (i) the regulatory framework prescribed in chapter 2 of the regulations; and
  - (ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act.
- (d) Is consistent with other applicable legislation;
- (e) Does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
- (f) Is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.

2.2 The municipality may not act otherwise than in accordance with this supply chain management policy when:

- (a) Procuring goods or services;
- (b) Disposing of goods no longer needed;
- (c) Selecting contractors to provide assistance in the provision of municipal services otherwise than in circumstances where chapter 8 of the Municipal Systems Act applies; or
- (d) In the case of a municipality, selecting external mechanisms referred to in section 80 (1)(b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that act.

2.3 Sub-paragraphs (1) and (2) of this policy do not apply in the circumstances described in section 110(2) of the act except where specifically provided otherwise in this policy.

### **3. ADOPTION & AMENDMENT OF THE SUPPLY CHAIN MANAGEMENT POLICY**

3.1 The accounting officer must:

- (a) At least annually review the implementation of this policy; and
  - (b) When the accounting officer considers it necessary, submit proposals for the amendment of this policy to the council.
- 3.2 If the accounting officer submits a draft policy to the council that differs from the model policy, the accounting officer must ensure that such draft policy complies with the regulations. The accounting officer must report any deviation from the model policy to the National Treasury and the relevant provincial treasury.
- 3.3 When amending this supply chain management policy, the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses must be taken into account.
- 3.4 The accounting officer of the municipality must in terms of section 62(1)(f)(iv) of the Act, take all reasonable steps to ensure that the municipality has and implements this supply chain management policy.

#### **4. DELEGATION OF SUPPLY CHAIN MANAGEMENT POWERS & DUTIES**

4.1 The Council is hereby required to delegate such additional powers and duties to the accounting officer so as to enable the accounting officer to:

- (a) Discharge the supply chain management responsibilities conferred on accounting officers in terms of:
  - (i) chapter 8 or 10 of the act; and
  - (ii) the supply chain management policy.
- (b) Maximize administrative and operational efficiency in the implementation of the supply chain management policy;
- (c) Enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of the supply chain management policy; and

- (d) Comply with his or her responsibilities in terms of section 115 and other applicable provisions of the act.
- 4.2 Section 79 of the act applies to the sub-delegation of powers and duties delegated to the accounting officer in terms of sub-paragraph (1) of this policy.
- 4.3 The council or accounting officer may not delegate or sub-delegate any supply chain management powers or duties to a person who is not an official of the municipality or to a committee which is not exclusively composed of officials of the municipality;
- 4.4 This paragraph may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 29 of this policy.
- 4.5 The accounting officer may delegate or sub-delegate the authority to enter into negotiations in terms of paragraph 25 of this policy.

## 5. SUB-DELEGATIONS

5.1 The accounting officer may in terms of section 79 of the act sub delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of this policy, but any such sub-delegation must be consistent with subparagraph (2) and paragraph 4 of this policy.

5.2 The power to make a final award:

- (a) Above R10-million (VAT included) may not be sub-delegated by the accounting officer;
- (b) Above R2-million (VAT included), but not exceeding R10million (VAT included), may be sub-delegated but only to:
  - (i) the chief financial officer;
  - (ii) a director; or
  - (iii) a bid adjudication committee of which the chief financial officer or a director is a member; or

- (c) Above R200 000 (VAT included), but not exceeds R10-million (VAT included) may be sub-delegated to the bid adjudication committee of which the chief financial officer is the chairperson and/or delegated chairperson in the absence of the chief financial officer.
- (d) Below R200 000 (including VAT) may be sub-delegated as per council delegations pertaining to the procurement of goods and services.

5.3 An official or bid adjudication committee to which the power to make final awards has been sub-delegated in accordance with subparagraph (2) of this policy must within ten (10) working days of the end of each month submit to the official referred to in sub-paragraph (4) of this policy a written report containing particulars of each final award made by such official or committee during that month, including:

- (a) The contract numbers and descriptions of goods, services or infrastructure projects;
- (b) The amount of the award;
- (c) The B-BBEE level of contribution claimed;
- (d) The name of the person to whom the award was made; and
- (e) The reason why the award was made to that person.

5.4 A written report referred to in sub-paragraph (3) of this policy must be submitted:

- (a) To the accounting officer, in the case of an award by:
  - (i) the chief financial officer;
  - (ii) a director; or
  - (iii) a bid adjudication committee of which the chief financial officer or a director is a member; or
- (b) To the chief financial officer or the director responsible for the relevant bid, in the case of an award by:



- (i) a director referred to in sub-paragraph (2)(c)(iii) of this policy; or
- (ii) a bid adjudication committee of which the chief financial officer or a director is not a member.

- 5.5 Sub-paragraphs (3) and (4) of this policy do not apply to procurements out of petty cash.
- 5.6 Bids awarded must be published on council's website in terms of section 75(g) of the Act.
- 5.7 This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been sub-delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this policy.
- 5.8 No supply chain management decision-making powers may be delegated to an advisor or consultant.

## 6. OVERSIGHT ROLE OF COUNCIL

6.1 The council must maintain oversight over the implementation of this supply chain management policy.

6.2 For the purposes of such oversight the accounting officer must:

- (a) within thirty (30) days of the end of each financial year, submit a report on the implementation of the supply chain management policy of the municipality and of any municipal entity under its sole or shared control, to the council of the municipality;
- (b) whenever there are serious and material problems in the implementation of the supply chain management policy, immediately submit a report to the council.

- 6.3 The accounting officer must, within twenty (20) days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the executive mayor.
- 6.4 The reports must be made public in accordance with section 21A of the Municipal Systems Act.

## **7. SUPPLY CHAIN MANAGEMENT UNIT**

7.1 A supply chain management unit is hereby established to implement this supply chain management policy.

7.2 The chief financial officer is administratively in charge of the supply chain management unit which operates under the direct supervision of the assistant director supply chain management, to whom this duty has been sub-delegated in terms of section 82 of the Act.

## **8. TRAINING OF SUPPLY CHAIN MANAGEMENT OFFICIALS**

The training of officials involved in implementing the supply chain management policy should be in accordance with any Treasury guidelines on supply chain management training.

**CHAPTER 2**  
**FRAMEWORK FOR SUPPLY CHAIN MANAGEMENT**

**9. FORMAT OF SUPPLY CHAIN MANAGEMENT**

This supply chain management policy provides systems for:

- 9.1 demand management;
- 9.2 acquisition management;
- 9.3 logistics management;
- 9.4 disposal management;
- 9.5 risk management; and
- 9.6 performance management.

***PART 1***  
***DEMAND MANAGEMENT***

**10. SYSTEM OF DEMAND MANAGEMENT**

10.1 The demand management plan must be developed at the beginning of the financial year when the IDP, SDBIP and annual budget have been approved.

10.2 All user departments are required to submit their procurement plans to the assistant director SCM within thirty (30) days of approval of the annual budget.

10.3 The procurement plan must be submitted to and approved by the accounting officer or his/her delegate before the 31 July of each year.

10.4 The procurement plan must be renewed regularly and submitted to the accounting officer or his/her delegate on a *quarterly* basis.

10.5 Demand management must be co-ordinated by SCM officials of the municipality in consultation with end-users.

10.6 The outcome of this activity should be a detailed planning document in order to ensure that the resources required to support the strategic and operational commitments are delivered at the correct time, at the right price and at the right location, and that the quantity and quality satisfy needs, an effective system of demand management must include the following:

- (a) Planning for future requirements. Acquisition and disposals of all goods required to meet the strategic goals outlined in the integrated development plan must be quantified, budgeted and planned to ensure timely and effective delivery, appropriate quality at a fair cost to meet the needs of the municipality and community. Critical delivery dates must be determined and adhered to.
- (b) If the requirement is of a repetitive nature and there are benefits of economies of scale a contract for a specific commodity should be arranged.
- (c) In order to compile the correct specifications an industry analysis/ research should be undertaken to ensure future needs and technology benefits are maximized.

## **PART 2**

### **ACQUISITION MANAGEMENT**

## **11. SYSTEM OF ACQUISITION MANAGEMENT**

11.1 Through operational procedures, an effective system of acquisition management is established in part 2 of this policy in order to ensure:

- (a) That goods and services are procured by the municipality in accordance with authorized processes only;
- (b) That expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the act;
- (c) That the threshold values for the different procurement processes are complied with;
- (d) That bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation; and

- (e) That any Treasury guidelines on acquisition management are properly taken into account.

11.2. This supply chain management policy, except where provided otherwise in the policy, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the act, including:

- (a) Water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and
- (b) Electricity from Eskom or another public entity, another municipality or a municipal entity.

11.3 The following information must be made public wherever goods or services contemplated in section 110(2) of the act are procured other than through the supply chain management system:

- (a) The kind of goods or services; and
- (b) The name of the supplier.

## 12. RANGE OF PROCUREMENT PROCESSES

12.1 The procurement of goods and services through this policy is provided by way of:

- (a) Petty cash purchases, up to a transaction value of R500,00 (VAT included);
- (b) One (1) written quotation for procurement of a transaction value over R500,01 up to R2 000,00 (VAT included);
- (c) Three (3) written price quotations for procurements of a transaction value over R2 000,01 up to R30 000,00 (VAT included);
- (d) Formal written price quotations for procurements of a transaction value over R30 000,01 up to R200 000,00 (VAT included); and
- (e) A competitive bidding process for:
  - (i) procurements above a transaction value of

**R200 000,00 (VAT included); and**

- (ii) the procurement of long term contracts.

12.2 The accounting officer may, in writing:

lower, but not increase, the different threshold values specified in sub-paragraph (1); or

(a) Direct that:

- (i) written or verbal quotations be obtained for any specific procurement of a transaction value lower than R2 000,00;
- (ii) formal written price quotations be obtained for any specific procurement of a transaction value lower than R30 000,00; or
- (iii) a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000,00.

12.3 Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.

12.4 The following line items are not required to be procured through SCM process.

The end user to complete and submit sundry documents with the original invoice to SCM unit to check for legal compliancy:

- audit fees
- bursaries and student practical work
- compensation for injuries and dismissals
- congresses/professional meetings (S&T)
- telecommunications (Telkom)
- legal expenses
- license fees
- postage
- membership fees

- reference books and magazines
- ward committee allowances
- Eskom
- debit orders
- bank charges
- inter-departmental charges
- employee/councillors related costs

### 13. GENERAL PRECONDITIONS FOR CONSIDERATION OF WRITTEN QUOTATIONS OR BIDS

13.1 A written quotation or bid may not be considered unless the provider who submitted the quotation or bid:

- (a) Has furnished that provider's:
  - (i) full name;
  - (ii) identification number or company or other registration number; and
  - (iii) registration number on central database system.
  
- (b) Has indicated:
  - (i) whether he or she is in the service of the state, or has been in the service of the state in the previous twelve (12) months;
  - (ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve (12) months; or
  - (iii) whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in sub-paragraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve (12) months.

(iv) *before making an award the supply chain management unit must check on central supplier database if the person's/company's tax matters are in order (tax compliant).*

(v) *Before making an award the supply chain management unit must check on central supplier database whether the bidder or any of its directors are not listed/indicated as a person prohibited from doing business with the public sector.*

## 14. LISTS OF ACCREDITED PROSPECTIVE PROVIDERS

### 14.1 The accounting officer must:

- (a) Keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements through written or verbal quotations and formal written price quotations;
- (b) At least once a year through newspapers commonly circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers;
- (c) Specify the listing criteria for accredited prospective providers;
- (d) All listed accredited prospective providers of goods and services must register on the central database system.
- (e) Disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector.

14.2 The list must be updated at least quarterly to include any additional prospective providers and any new commodities or types of services. Prospective providers must be allowed to submit applications for listing at any time. This provision will be subject to the new central database system.

14.3 The list must be compiled per commodity and per type of service.



14.4 Bidders who are not registered on the supplier database are not precluded for submitting bids. Contracts, however, may not be concluded with bidders who are not registered and verified on the supplier database.

14.5 Where bids exceed R200 000,00 (VAT inclusive) the chairperson of the bid evaluation committee may give any bidder seven (7) days written notice to produce proof of registration on the supplier database. Failure to produce proof of such registration will result in the tender being made non-responsive.

14.6. The central database system (CSD) will automatically validate the following registration documents:

- (a) Confirmation and status of business registration documents.
- (b) Proof of bank account registration.
- (c) Tax compliance status.
- (d) Employee in the services of the state.
- (e) Identity documents.
- (f) Tender defaulters and restrictions status.

14.7 The following documents will remain the responsibility of the municipality to obtain and verify:

- (a) BBBEE status.
- (b) CIDB.
- (c) Municipal account status.

## **15. PETTY CASH PURCHASES**

15.1 The conditions for the procurement of goods by means of petty cash purchases referred to in paragraph 12(1)(a) of this policy, are that minor items are purchased for up to R500,00 (VAT included) where it is impractical, impossible or not cost-effective to follow the official procurement process. The conditions for the procurement of goods by means of petty cash are:

- (a) Such payments will only be for reimbursement expenditure incurred by officials in terms of the petty cash policy.
- (b) No claims will be accepted if to be paid to a supplier directly.

- (c) Proof of such expenditures must be provided with each claim.
- (d) The accountant expenditure must record these claims in a separate register and monthly be included in the report referred to in subsection (13) of the petty cash policy.
- (d) The chief financial officer will authorize officials from his department to keep petty cash registers and to grant refunds for cash purposes or allow cash advances.
- (e) Cash advances can only be granted for out-of-pocket expenses for delegated representatives of the municipality or upon a written quotation but in all instances should a petty cash voucher be approved by the related departmental head.
- (f) Officially delegated persons will agree to the deduction from his next remuneration any cash advances of which no proof of expenditure is presented on return from the attended event.
- (g) The practice of breaking up purchases in order to circumvent the formal written price quotation and written price quotation processes is not permissible.
- (h) *Prospective suppliers used for petty cash transactions **do not need** to be registered on the central supplier database.*
- (i) *Rotation of suppliers will not be applicable during petty cash purchases.*

15.2 A monthly reconciliation report from holder of petty cash must be provided to the chief financial officer, including:

- (a) the total amount of petty cash purchases for that month; and (b) receipts and appropriate documents for each purchase.

## 16. WRITTEN QUOTATIONS ABOVE R500,00 (VAT INCLUDED) UP TO R2 000,00 (VAT INCLUDED)

The conditions for the procurement of goods by means of written quotations, referred to in clause 12(1)(b) of this policy for minor items are as follows:

- (a) written quotations for transactions must be obtained from at least one (1) prospective supplier or service provider *who are registered on the central supplier database. but not limited to suppliers or service providers whose names appear on the list of accredited prospective providers of the municipality, provided that if quotations are obtained from providers who are not list such providers must meet the listing criteria in the supply chain management policy required by subsection 14 of this policy.*
- (b) *Rotation of suppliers will not be applicable in this range of procurement.*

## 17. WRITTEN QUOTATIONS ABOVE R2 000,00 (VAT INCLUDED) UP TO R30 000,00 (VAT INCLUDED)

The conditions for the procurement of goods or services through written quotations are as follows:

- (a) Quotations must be obtained from at least three (3) different providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the municipality, provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria in the supply chain management policy required by subsection 14 of this policy;
- (b) *Quotations obtained must promote ongoing competition amongst providers by inviting providers to submit quotations on a rotation basis.*
- (c) *Prospective providers/suppliers "VAT status" must be "VAT compliant" during the total validity period of quotation (procurement process).*
- (d) A valid tax clearance certificate must be obtained for all goods and services above R15 000,00;
- (e) If it is not possible to obtain at least three (3) quotations, the reasons must be recorded and reported quarterly to the accounting officer or another official designated by the accounting officer; and
- (f) The accounting officer must record the names of the potential providers requested to provide such quotations with their quoted prices.

## 18. FORMAL WRITTEN PRICE QUOTATIONS ABOVE R30 000,00 UP TO R200 000,00 (VAT INCLUDED)

18.1 The conditions for the procurement of goods or services through formal written price quotations, are as follows:

- (a) Quotations must be obtained in writing from at least three (3) different providers whose names appear on the list of accredited prospective providers of the municipality;
- (b) Quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria in the supply chain management policy required by subsection 14;
- (c) If it is not possible to obtain at least three (3) quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer; and
- (d) The accounting officer must record the names of the potential providers and their written quotations.

18.2 A designated official referred to in sub-paragraph (1)(c) must within five (5) working days of the end of each month report to the chief financial officer on any approvals given during that month by that official in terms of that sub-paragraph.

## **19. PROCEDURES FOR PROCURING GOODS OR SERVICES THROUGH WRITTEN QUOTATIONS & FORMAL WRITTEN PRICE QUOTATIONS**

19.1 The operational procedure for the procurement of goods or services through written quotations or formal written price quotations, are as follows:

- (a) Detail specifications for formal written quotations above R30 000,00 must be signed off by the relevant department head for inclusion on the official quotation document before advertisement.
- (b) All requirements in excess of R30 000,00 (VAT included) that are to be procured by means of formal written price quotations must, in addition to the requirements of paragraph 18, be advertised for at least seven (7) calendar days on the website and all official notice boards of the municipality;
- (c) All quotes received above R30 000,00 (VAT included) are to be placed in the official quotation boxes as designated for each department from time

to time. No late quotations will be accepted or opened after closing date and time;

- (d) All acceptable orders above R30 000,00 (VAT included) are subjected to preference points system and must be awarded to the highest points;
- (e) All acceptable orders above R30 000,00 (VAT included) must be evaluated on a competitive basis, based on compliance with specifications and conditions of contract, ability and capability to deliver the goods and services.
- (f) When using the list of accredited prospective providers the accounting officer must promote ongoing competition amongst providers, including by inviting providers to submit quotations on a rotation basis for *procurement ranges as from*;
- (g) The accounting officer must take all reasonable steps to ensure that the procurement of goods and services through written quotations or formal written price quotations is not abused;
- (h) The accounting officer or chief financial officer must on a monthly basis be notified in writing of all written quotations and formal written price quotations accepted by an official acting in terms of a sub-delegation; and
- (i) The chief financial officer must set procedures for the procuring of goods and services through written quotations and formal written price quotations and the proper recordkeeping thereof.

## **20. COMPETITIVE BIDS**

20.1 Goods or services above a transaction value of R200 000,00<sup>1</sup> (VAT included) and long term contracts (contracts exceeding one (1) year) may only be procured through a competitive bidding process, subject to paragraphs 11(2) of this policy; and

20.2 No requirement for goods or services above an estimated transaction value of R200 000,00<sup>1</sup> (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

## 21. PROCESS FOR COMPETITIVE BIDDING

The procedures for a competitive bidding process are established in part 2 of this policy for each of the following stages:

- (a) The compilation of bidding documentation as per clause 22;
- (b) The public invitation of bids as per clause 23;
- (c) Site meetings or briefing sessions, if applicable;
- (d) The handling of bids submitted in response to public invitation as per clause 24;
- (e) The evaluation of bids as per clause 31;
- (f) The award of contracts as per clause 32;
- (g) The administration of contracts; and
- (h) Proper record keeping.

## 22. BID DOCUMENTATION FOR COMPETITIVE BIDS

22.1 The criteria to which bid documentation for a competitive bidding process must comply, must:

- (a) Take into account:

### **(i) the general conditions of contract;**

- (ii) any special conditions of contract if specified;
  - (iii) any Treasury guidelines on bid documentation; and
  - (iv) the requirements of the Construction Industry Development Board (CIDB), in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure.
- (b) Include the preference points system to be used as contemplated in the Preferential Procurement Regulations, 2011, evaluation and adjudication criteria, including any criteria required by the applicable legislation;

- (c) Compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
- (d) If the value of the transaction is expected to exceed R10million (VAT included), require bidders to furnish:
  - (i) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements:
    - (aa) for the past three (3) years; or
    - (bb) since their establishment if established during the past three (3) years.
  - (ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than thirty (30) days;
  - (iii) particulars of any contracts awarded to the bidder by an organ of state during the past five (5) years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
  - (iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic;
- (e) Stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law; and
- (f) Stipulates that bidders are compelled not to sub-contract more than 25% of the contract price to non-targeted enterprises.

22.2 A fee as determined from time to time shall be raised for bid forms, plans, specifications, samples and any other bid documentation, depending on the nature, magnitude and value of technical information or samples provided by the municipality for tenders in excess of R200 000,00 (VAT included).

## 23. PUBLIC INVITATION FOR COMPETITIVE BIDS

23.1 The procedure for the invitation of competitive bids, are as follows:

- (a) Any invitation to prospective providers to submit bids must be by means of a public advertisement on e-tender portal or newspapers commonly circulating locally, the website of the municipality, e-Tender website of CIDB or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and
- (b) The information contained in a public advertisement, must include:
  - (i) the closure date for the submission of bids, which may not be less than thirty (30) calendar days in the case of transactions over R10-million (VAT included), or which are of a long term nature, or fourteen (14) calendar days in any other case, from the date on which the advertisement is placed in a newspaper, subject to subparagraph (2);
  - (ii) a statement that bids may only be submitted on the bid documentation provided by the municipality;
  - (iii) date, time and venue of any proposed site meetings or mandatory briefing sessions. (If bidder did not attend his bid will not be considered);
  - (iv) the required CIDB contractor category and grading designation for construction procurement;
  - (v) a statement that bids will only be considered if it was deposited into the bid box indicated in the bid invitation;
  - (vi) the period for which bids are to be valid and binding must be indicated in the bid invitation; and
  - (vii) the notice shall state that all bids must be submitted in a sealed envelope on which it is clearly stated that such envelope contains a bid and the contract title and contract or bid reference number for which the bid is being submitted.

23.2 The accounting officer may determine a closure date for the submission of bids which is less than the thirty (30) or fourteen (14) calendar days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.

23.3 Amendments before the closing date:



The municipality is entitled to amend any bid condition, validity period, specification or plan, or extend the closing date of such a bid or quotation before the closing, provided that such amendments or extensions are advertised and/or that all bidders whom bid documents have been issued, are advised in writing per e-mail or by fax of such amendments or of the extension clearly reflecting the new closing date and time. For this reason, officials and authorized service providers issuing bids shall keep a record of the names, addresses and contact numbers of the persons or enterprises to whom bid documents have been issued.

## **24. PROCEDURE FOR SUBMISSION, HANDLING, OPENING & RECORDING OF BIDS**

24.1 The procedures for the submission of bids are:

- (a) Bids must be submitted before the closing time, at the address and in accordance with the directives in the bid documents.
- (b) Each bid must be in writing using non-erasable ink and must be submitted on the official Form of Bid/Offer issued with the bid documents.
- (c) The bid must be submitted in a separate sealed envelope with the name and address of the bidder, the bid number and title, the bid box number (where applicable), and the closing date indicated on the envelope. The envelope may not contain documents relating to any bid other than that shown on the envelope. Only sealed bids will be accepted.

The municipality may accept tenders where envelopes have been inadvertently marked with the name of the bidder.

- (d) The onus shall be on the bidder to place the sealed envelope in the official, marked and locked bid box provided for this purpose, at the designated venue, not later than the closing date and time specified in the bid notice.
- (e) Postal bids will not be accepted for consideration, nor shall proof of posting or proof of delivery be accepted as proof that bids were delivered if received after the closing date of bid.
- (f) No bids forwarded by telegram, facsimile or similar apparatus shall be considered unless stated otherwise in tender document.

- (g) Electronic bids will not be accepted.
- (h) The bidder shall choose a *domicilium citandi et executandi* in the Republic and unless notice of the change thereof has duly been given in writing, it shall be the address stated in the bid.
- (i) No person may amend or tamper with any bids or quotations after their submission.

24.2 The procedures for the handling, opening and recording of bids, are as follows:

- (a) Opening of bids:
  - (i) must be opened only in public; and
  - (ii) must be opened at the same time and as soon as possible after the period for the submission of bids has expired; and
- (b) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total bidding price; and
- (c) No information, except the provisions in sub-clause (b), relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and
- (d) Bids found to be inadvertently placed in the incorrect bid box will be redirected provided that the applicable bids either closed on the same day at the same time, or are still open (in which case the municipality disclaims any responsibility for seeing that the bids are in fact lodged in the correct bid box). A record of all bids placed in an incorrect box shall be kept; and
- (e) Bids received in sealed envelopes in the bid box without a bid number or title on the envelope will be opened at the bid opening and the bid number and title ascertained. If the bid was in the correct bid box it will be read out. If the bid is found to be in the incorrect bid box, it will be redirected provided that the applicable bids either closed on the same day at the same time, or are still open; and
- (f) If the bid closes at a later date, the bid will be placed in a sealed envelope with the bid number and title endorsed on the outside, prior to being lodged in the applicable box. The municipality however disclaims any

responsibility for seeing that the bid is in fact lodged in the correct box;  
and

- (g) The accounting officer must:
  - (i) record in a register all bids received in time;
  - (ii) make the register available for public inspection;
  - (iii) publish the entries in the register and the bid results on the website.

#### 24.3 Stamping of bids and reading out of names:

- (a) As each bid is opened the name of the bidder and the amount, if practical, shall be read out.
- (b) Bids opened shall be checked for compliance with mandatory documents.
- (c) An official shall date-stamp and endorse with the opening officials signature and endorse with the opening the bid or quotation and all enclosures related to prices, delivery periods and special conditions.
- (d) Bids and quotations shall be numbered in the sequence in which they have been opened and the words "*and last*" shall be endorsed on the last bid or quotation.
- (e) In instances where only one (1) bid has been received the words "*and only*" shall be endorsed such bid.
- (f) Where prices have not been inserted in all relevant spaces on the form and such items have not been deleted by bidders, such spaces shall be stamped "*no price*" by the employee who opens the bid or quotations;  
and
- (g) The name of the bidder, and where possible, the bid sum shall be recorded in a bid opening record kept for that purpose.

#### 24.4 Late bids:

- (a) A bid is late if it is not placed in the relevant bid box by the closing time.

- (b) Bids or quotations arriving after the specified closing time shall not be considered and where practicable and cost effective shall be returned to the bidder unopened with a letter explaining the circumstances.
- (c) Where it is necessary to open a late bid or quotation to obtain the name and address of the sender, each page of the document shall be stamped "*late bid*" before the bid is returned to the bidder. The envelope must be stamped and initialed in like manner and must be retained for record purposes.

24.5 No councillor of any municipality may be present at the opening of bids.

24.6 Dealing with bids and quotations if the closing date thereof has been extended:

- (a) Where the closing date of a bid or quotation is extended, bids or quotations already received, will be retained unopened in the bidding box and be duly considered after the expiry of the extended period, unless the bidder cancels it by submitting a later dated bid or quotation before the extended closing date.

## 25. NEGOTIATIONS WITH PREFERRED BIDDERS & COMMUNICATIONS WITH PROSPECTIVE PROCESS AND BIDDERS

25.1 The accounting officer may, subject to paragraph 4(5) of this policy, negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation:

- (a) Does not allow any preferred bidder a second or unfair opportunity;
- (b) Is not to the detriment of any other bidder;
- (c) Does not lead to a higher price than the bid as submitted; and
- (d) Does not lead to a lower price in respect of the sale of land/goods.

25.2 Minutes of such negotiations must be kept for record purposes and as far as possible be made part of the final contract.

25.3 No unauthorized communication with bidders and perspective providers:

- (a) Where bids and/or quotations have been submitted to the municipality, a bidder may not communicate with any councillor or official on any matter regarding his/her bid, quotation or offer other than a notice of withdrawal.
- (b) No municipal employee may communicate with a bidder or any other party who has an interest in a bid or quotation during the period between the closing date for the receipt of the bid and the date of notification to successful bidder of acceptance of his/her bid, quotation or offer except as provided for in paragraph 25.4 below. Every such case of unauthorized communication shall forthwith be reported to the SCM as well as the chairperson of BAC.

A bid or quotation in respect of which unauthorized communication has occurred may be disqualified.

25.4 The accounting officer may authorize an employee, in writing, to communicate with a bidder during the period mentioned in subsection 25.3 above for the purpose of:

- (a) Obtaining an explaining and verification of declaration made in the bid response.
- (b) Confirming technical particulars and the compliance thereof with specifications.
- (c) Clarifying delivery times/quantities.
- (d) Extending the validity period of a bid.
- (e) Clarifying any other commercial aspect.
- (f) For the submission of substantiating documents.

25.6 Where authority has been granted to communicate with bidders in terms of paragraph 25.4 it should be clearly stated in the submission to the bid adjudication committee the nature of the communication as well as by whom such authority to communicate has been granted.

25.7 A bid will not be invalidated if the amount in words and the amount in figures do not correspond, in which case the amount in words shall be read out at the bid opening and shall be deemed to be the bid amount.

## **26. TWO-STAGE BIDDING PROCESS**

26.1 A two-stage bidding process is allowed for:

- (a) Large complex projects;
- (b) Projects where it may be undesirable to prepare complete detailed technical specifications; or
- (c) Long term projects with a duration period exceeding three (3) years.

26.2 In a two-stage (prequalification) bidding process, bidders are first invited to pre-qualify in terms of predetermined criteria, without being required to submit detailed technical proposals (where applicable) or a financial offer.

26.3 In the second stage, all bidders that qualify in terms of the predetermined criteria will be shortlisted and invited to submit final technical proposals (where applicable) and/or a financial offer.

26.4 The notice inviting bidders to pre-qualify must comply with the provisions of public invitation for competitive bids.

## **27. EXTENSION OF VALIDITY PERIODS**

27.1 The period for which bids are to remain valid and binding must be indicated in the bid documents. For goods and services *as well as infrastructure projects* the validity period is ninety (90) calendar days

27.2 Extensions must be done prior to the expiry date of the bid validity period.

27.3 When validity lapses the contractual obligation that the bidder accepted on signing the relevant bid documentation falls away, therefore when a bid expires there is nothing to extend.

27.4 The bid cannot be evaluated further and it must be cancelled and re-advertised, when applicable.

27.5 Reasons for extensions of bid must be investigated.

27.6 Extensions must be granted based on good reasons and must be approved by the accounting officer.

27.7 All bidders must be notified in writing and submit their intentions to abide by the terms and conditions and participate further in the bid. Only those bidders who agree to the extension will be evaluated.

27.8 Extension for validity period can be obtained for the extended period not exceeding ~~thirty (30)~~ sixty (60) calendar days for goods and services and ~~sixty (60) days~~ as well as for infrastructure projects.

27.9 Once an extension is granted, proper planning has to be done to ensure that the process of evaluation and awarding bids is carried out before the expiry of a bid validity period.

*27.10 Should the validity period expire on a Sunday, Saturday or Public Holiday, the bid must remain valid and open for acceptance until the closure on the following working day.*

## **28. SAMPLES**

28.1 Where samples are called for in the bid documents, samples (marked with the bid and item number as well as the bidder's name and address) shall be delivered separately (to the bid) to the addressee mentioned in the bid documents by no later than the closing time of the bid.

28.2 Bids may not be included in parcels containing samples.

28.3 If samples are not submitted as required in the bid documents, then the bid concerned may be declared invalid.

28.4 Samples shall be supplied by a bidder at his/her own expense and risk. The municipality shall not be obliged to pay for such samples or compensate for the loss thereof, unless otherwise specified in the bid documents, and shall reserve the right not to return such samples and to dispose of them at its own discretion.

28.5 If a bid is accepted for the supply of goods according to a sample submitted by the bidder, that sample will become the contract sample. All goods/materials supplied shall comply in all respects to that contract sample.

## **29. COMMITTEE SYSTEM FOR COMPETITIVE BIDS**

29.1 The following committees are hereby established:

- (a) A bid specification committee;
- (b) A bid evaluation committee; and
- (c) A bid adjudication committee;

29.2 The accounting officer is required to appoint the members of each committee, taking into account section 117 of the act; and

29.3 The accounting officer is required to provide for an attendance or oversight process by a neutral or independent observer, appointed by the accounting officer, when this is appropriate for ensuring fairness and promoting transparency.

29.4 The committee system must be consistent with:

- (a) Paragraph 30, 31 and 32 of this policy; and
- (b) Any other applicable legislation.

29.5 The accounting officer may apply the committee system to formal written price quotations.



### 30. BID SPECIFICATION COMMITTEES

30.1 The bid specification committee must compile the specifications for each procurement of goods or services by the Mhlontlo Local Municipality.

#### 30.2 Specifications:

- (a) Must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
- (b) Must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organization, or an authority accredited or recognized by the South African National Accreditation System with which the equipment or material or workmanship should comply;
- (c) Where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;
- (d) May not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labeling of conformity certification;
- (e) May not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word "*equivalent*";
- (f) Must indicate each specific goal for which points may be awarded in terms of the points system set out in the Preferential Procurement Regulations, 2011; and
- (g) Must be approved by the accounting officer *or relevant delegated official* prior to publication of the invitation for bids in terms of paragraph 23 of this policy.

#### 30.3. The bid specification committee must be composed of the following:

- (a) a delegated supply chain management practitioner as chairperson.
- (b) the project manager of the project for whom the bid is called.
- (c) a legal advisor.

- (d) any other official delegated by supply chain or the directorate.
- (e) where appropriate a representative of internal audit and/or external specialist advisor may form part of this committee.

30.4 No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.

30.5 Bid specifications may only be completed and advertised if sufficient budgetary provision was approved on the annual budget.

30.6 Bid specification committee meetings must be conducted in accordance with the applicable rules in order regulating the conduct of meetings.

## **31. BID EVALUATION COMMITTEES**

31.1 The bid evaluation committee must:

- (a) Evaluate bids in accordance with:
  - (i) the specifications for a specific procurement; and (ii) the points system set out in terms of paragraph 21(b).
- (b) Evaluate each bidder's ability to execute the contract;
- (c) Check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears; and
- (d) Submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.

31.2 An ad-hoc bid evaluation committee shall be constituted for each project or procurement activity to evaluate bids received.

31.3 The bid evaluation committee shall be comprised of the following municipal officials:

- (a) a delegated senior financial official as chairperson.
- (b) the project manager / responsible official.
- (c) a legal advisor.
- (d) a delegated by supply chain management practitioner.

- (e) where appropriate, a representative of internal audit and/or an internal or external specialist/expert as necessary.
- 31.4 The municipal manager, or his delegated authority, shall, taking into account section 117 of the MFMA, appoint the members of the bid evaluation committee.
- 31.5 Bid evaluation committee meetings must be conducted in accordance with the applicable rules of order regulating the conduct of meetings.
- 31.6 Where consultants or agents were tasked with the invitation of bids the responsible consultant or agent shall carry out a preliminary evaluation of all valid bids received and shall submit a draft bid evaluation report to the bid evaluation committee for consideration.
- 31.7 Any evaluation of a bid shall consider the bids received and shall note for inclusion in the evaluation report, a bidder:
  - (a) Whose bid was endorsed as being invalid by the responsible official at the bid opening;
  - (b) Bid does not comply with the provisions for combating abuse of this policy (section 43 of this policy);
  - (c) Whose bid does not comply with the general conditions applicable to bids and quotations of this policy;
  - (d) Whose bid is not in compliance with the specification;
  - (e) Whose bid is not in compliance with the terms and conditions of the bid documentation;
  - (f) Whose bid does not comply with any minimum goals stipulated in terms of the preferential procurement section of this policy;
  - (g) Who is not registered and verified on the municipality's supplier database. In this regard bid documentation shall state that the responsibility for registration and verification rests solely with the bidder;
  - (h) Who, in the case of construction works acquisitions, does not comply with the requirements of the Construction Industry Development Board Act regarding registration of contractors;

- (i) Who has failed to submit an original and valid tax clearance certificate from the South African Revenue Services (SARS) certifying that the taxes of the bidder are in order or that suitable arrangements have been made with SARS; and
- (j) Who fails to comply with any applicable Bargaining Council agreements.

31.8 The bid evaluation committee shall, having considered the responsible agent's draft report, submit a report, including recommendations regarding the award of the bid or any other related matter, to the bid adjudication committee for award.

31.9 Bids shall be evaluated according to the following as applicable:

- (a) Bid price (corrected if applicable and brought to a comparative level where necessary);
- (b) The unit rates and prices;
- (c) The bidder's ability to fulfill its obligations in terms of the bid documents, any qualifications to the bid;
- (d) The bid ranking obtained in respect of preferential procurement as required by this policy;
- (e) The financial standing of the bidder, including its ability to furnish the required institutional guarantee, where applicable;
- (f) Any other criteria specified in the bid documents; and

31.10 The SCM delegated official responsible for attending of BEC meetings must verify above SCM compliance check is per bid evaluation committee checklist and sign off the BEC checklist with chairperson of the committee.

31.11 No bidder may be recommended for an award unless the bidder has demonstrated that it has the resources and skills required to fulfill its obligations in terms of the bid document.

31.12 The bid evaluation committee shall check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears.

31.13 Additional information or clarification of bids may be called for if required but only in writing as per subsection 25.4 of this policy.

- 31.14 The municipality shall not be bound to consider alternative bids.
- 31.15 If a bidder requests in writing, after the closing of bids, that his/her bid be withdrawn, then such a request may be considered and reported in the bid evaluation report.
- 31.16 The bidder obtaining the highest number of points should be recommended for acceptance unless there are reasonable and justifiable grounds to recommend another bidder.
- 31.17 If, after bids have been brought to a comparative level, two or more score equal total adjudication points, the recommended bidder shall be the one scoring the highest preference points.
- 31.18 If two or more bids are equal in all respects, the bid evaluation committee shall draw lots to decide on the recommendation for award, or may, in the case of goods and services, recommend splitting the award proportionately, where applicable.
- 31.19 All disclosures of a conflict of interest shall be considered by the bid evaluation committee shall be reported to the bid adjudication committee.
- 31.20 Bids may only be recommended for award if it was confirmed that suffice budgetary provision exists for the acquisition of the goods, infrastructure projects and/or services.

## **32. BID ADJUDICATION COMMITTEES**

32.1 The bid adjudication committee must:

- (a) Consider the report and recommendations of the bid evaluation committee; and
- (b) Either:
  - (i) depending on its delegations, make a final award or a recommendation to the accounting officer to make the final award; or
  - (ii) make another recommendation to the accounting officer how to proceed with the relevant procurement.

32.2 The bid adjudication committee must be composed of all executive directors including the following:

- (a) the chief financial officer or, if the chief financial officer is not available, any another senior finance official designated by the chief financial officer;
- (b) head of supply chain management;
- (c) legal advisor in advisory capacity; and
- (d) a technical expert in the relevant field who is an official, if such an expert is needed in advisory capacity.

32.3 ~~The accounting officer must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting. The accounting officer must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the deputy chief financial officer has to stand in as chairperson of the meeting.~~

32.4 A quorum for the adjudication committee shall be four (4) members.

32.5 In the event of an equally of votes the chairperson shall have the casting vote over and above a deliberate vote.

32.6 Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.

32.7 If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid:

- (a) The bid adjudication committee must -
  - (i) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears; and (ii) notify the accounting officer.
- (b) The accounting officer may:
  - (i) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph (a); and

- (ii) if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.

32.8 The accounting officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.

32.9 The accounting officer must comply with section 114 of the act within ten (10) working days:

- (a) If a tender other than the one recommended in the normal course of implementing the supply chain management policy is approved, the accounting officer must, in writing, notify the Auditor-General, the relevant provincial treasury and the National Treasury of the reason for deviating from such recommendation.
- (b) Subsection (a) does not apply if a different tender was approved in order to rectify an irregularity.

### 33. EXTENSION OR EXPANSION OF CONTRACTS

33.1 ~~Any increase in the approved contract sum or contract period (in respect of annual bids) that may become necessary as a result of exceptional circumstances during the contract period, must be approved by the bid adjudication committee.~~ *Any increase and/or in the approved contract sum/contract period (in respect of annual bids) that may become necessary as a result of exceptional circumstances during the contract period, must be approved by the appropriate bid committees prior to implementation. This excludes all annual/ bi-annual/quarterly CPI/PPI increases provided for in the bidding documents as approved by the bid adjudication committee at the inception of the bids. These increases will however be scrutinized by the heads of departments for budget purposes and the bidders be informed of the status quo per formal letter prior to updating the contracts.*

33.2 Where community participation has been a part of the project, the community must be advised of the proposed increase and be invited to provide written comment.

33.3 Any unapproved increase in the contract sum or contract period as a result of exceptional circumstances must be explained in a report to the bid adjudication committee requesting condonation for such unapproved increase.

33.4 The period of extension of contract may not exceed a period of more than twelve (12) months.

*33.5 No further extension of contract will be approved/allowed after the period mentioned in paragraph 33.4*

## **34. PROCUREMENT OF BANKING SERVICES**

34.1 Banking services:

- (a) Must be procured through competitive bids;
- (b) Must be consistent with section 7 or 85 of the act; and
- (c) May not be for a period of more than five (5) years at a time.

34.2 The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.

34.3 The closure date for the submission of bids may not be less than sixty (60) days from the date on which the advertisement is placed in a newspaper in terms of paragraph 22(1).

34.4 Bids must be restricted to banks registered in terms of the Banks Act, 94 of 1990.

## **35. PROCUREMENT OF IT RELATED GOODS OR SERVICES**

35.1 The accounting officer may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.

35.2 Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.

35.3 The accounting officer must notify SITA together with a motivation of the IT needs if:



- (a) The transaction value of IT related goods or services required in any financial year will exceed R50-million (VAT included); or
- (b) The transaction value of a contract to be procured whether for one (1) or more years exceeds R50-million (VAT included).

35.4 If SITA comments on the submission and the municipality disagree with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the council, the National Treasury, the relevant provincial treasury and the Auditor- General.

### **36. PROCUREMENT OF GOODS & SERVICES UNDER CONTRACTS SECURED BY OTHER ORGANS OF STATE**

36.1 The accounting officer may procure goods or services under a contract secured by another organ of state, but only if:

- (a) The contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;
- (b) There is no reason to believe that such contract was not validly procured;
- (c) There are demonstrable discounts or benefits to do so; and
- (d) That other organ of state and the provider have consented to such procurement in writing.

36.2 Sub-paragraphs (1)(c) and (d) do not apply if:

- (a) A municipal entity procures goods or services through a contract secured by its parent municipality; or
- (b) A municipality procures goods or services through a contract secured by a municipal entity of which it is the parent municipality.

36.3 The bid evaluation committee must consider the following documents of the other organ of state but not limited when the bid is evaluated:

- (i) Consent letter from organ of state;
- (ii) Tender closing register;
- (iii) Copy of tender documents;

- (iv) Approved tender specifications;
- (v) Tender evaluation report;
- (vi) Tender adjudication report; and
- (vii) Appointment letter to service provider.

### **37. PROCUREMENT OF GOODS NECESSITATING SPECIAL SAFETY ARRANGEMENTS**

37.1 The acquisition and storage of goods in bulk (other than water), which necessitate special safety arrangements, including gasses and fuel, should be avoided wherever possible.

37.2 Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the accounting officer.

### **38. PROUDLY SA CAMPAIGN**

38.1 The municipality supports the Proudly SA campaign to the extent that, all things being equal, preference is given to procuring local goods and services as per council's preferential procurement policy.

### **39. APPOINTMENT OF CONSULTANTS**

39.1 The accounting officer may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurements are made.

39.2 Consultancy services must be procured through competitive bids if:

- (a) The value of the contract exceeds R200 000,00 (VAT included); or
- (b) The duration period of the contract exceeds one (1) year.

39.3 In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of:

- (a) All consultancy services provided to an organ of state in the last five (5) years; and
- (b) Any similar consultancy services provided to an organ of state in the last five (5) years.

39.4 The accounting officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the municipality.

#### **40. DEVIATION FROM, & RATIFICATION OF MINOR BREACHES OF, PROCUREMENT PROCESSES**

40.1 The accounting officer may:

- (a) Dispense with the official procurement processes established by this policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only
  - (i) in an emergency;

(aa) Circumstances that warrant emergency dispensation includes the existence of one or more of the following but not limited to:

- The possibility of human injury or death;
- The prevalence of human suffering or deprivation of rights;
- The possibility of damage to property, or suffering and death of livestock and animals;

- The interruption of essential services, including transportation and communication facilities or support services critical to the effective functioning of the municipality as a whole;
  - The possibility of serious damage occurring to the natural environment
  - The possibility that failure to take necessary action may result in the municipality not being able to render an essential community service; and
  - The possibility that the security of the municipality could be compromised.
- (b) The prevailing situation, or imminent danger, should be of such a scale and nature that it could not readily be alleviated by interim measures, in order to allow time for the formal procurement process. Emergency dispensation shall not be granted in respect of circumstances other than those contemplated above.
- (c) Where possible, in an emergency situation, three quotes in accordance with general acquisition management principles should be obtained and a report submitted to the city manager for approval. However, where time is of the essence, the emergency shall be immediately addressed, and the process formalized in a report to the municipal manager as soon as possible thereafter.
- (ii) If such goods or services are produced or available from a single provider only.
- (iii) For the acquisition of special works of art or historical objects where specifications are difficult to compile.
- (iv) Acquisition of animals for zoos and/or nature and game reserves.
- (v) In any other exceptional case where it is impractical or impossible to follow the official procurement processes including but not limited to:
- Ad hoc repairs to plant and equipment (strip and quote) where it is not possible to ascertain the nature or extent of the work required.

- Any contract relating to the publication of notices and advertisements by the municipality where applicable legislation or council policy dictates.
  - The acquisition of accommodation, car rental and air travel for official purposes, subject thereto that the acquisition of such services be dealt with in terms of the applicable council policy.
  - Membership and subscription to preferential bodies and any training provided by such bodies for purposes of achieving the skills development plan.
  - Attendance of conferences and workshops.
  - Extension of contracts subject to new tender process to be followed.
- (b) Ratify any minor breaches of the procurement processes by an official committee acting in terms of delegated powers or duties which are purely of a technical nature.
- (c) May condone any irregular expenditure incurred in contravention of, or that is not in accordance with a requirement of this policy and which is not also a contravention of the municipal supply chain management regulation, provided that such consideration and the reasons therefore be reported to at the next council meeting.

## 41. UNSOLICITED BIDS

41.1 In accordance with section 113 of the act there is no obligation to consider unsolicited bids received outside a normal bidding process.

41.2 The accounting officer may decide in terms of section 113(2) of the act to consider an unsolicited bid

- (a) For the provision of goods and services, only if:
- (i) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;
  - (ii) the product or service will be exceptionally beneficial to, or have exceptional cost advantages;
  - (iii) the person who made the bid is the sole provider of the product or service; and

- (iv) the reasons for not going through the normal bidding processes are found to be sound by the accounting officer.
- (b) For the disposal of immovable assets only if:
  - (i) the proposed development offered in terms of the bid is a demonstrably or proven unique innovative concept;
  - (ii) the proposed development will be exceptionally beneficial to the council, or have exceptional local

**economic advantages;**

- (iii) the person who made the bid is the innovative designer of the proposed development;
- (iv) the reasons for not going through the normal bidding processes are found to be sound by the accounting officer;
- (v) only if also the selling price is not less than market related except when the plight of the poor or public interest demand otherwise;
- (vi) that the person who made the proposal will be prejudiced if a competitive bidding process is followed.

41.3 If the accounting officer decides to consider an unsolicited bid that complies with sub-paragraph (2) of this policy, the decision must be made public in accordance with section 21A of the Municipal Systems Act, together with:

- (a) Reasons as to why the bid should not be open to other competitors;
- (b) An explanation of the potential benefits if the unsolicited bid were accepted; and
- (c) An invitation to the public or other potential suppliers to submit their comments within thirty (30) days of the notice.

41.4 All written comments received pursuant to sub-paragraph (3), including any responses from the unsolicited bidder, must be submitted to the National Treasury and the relevant provincial treasury for comment.

41.5 The adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the accounting officer, depending on its delegations.

41.6 A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.

41.7 When considering the matter, the adjudication committee must take into account:

- (a) Any comments submitted by the public; and
- (b) Any written comments and recommendations of the National Treasury or the relevant provincial treasury.

41.8 If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the accounting officer must submit to the Auditor-General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.

41.9 Such submission must be made within seven (7) days after the decision on the award of the unsolicited bid is taken, but no contract committing the municipality to the bid may be entered into or signed within thirty (30) days of the submission.

## **42. COMBATING OF ABUSE OF SUPPLY CHAIN MANAGEMENT SYSTEM**

The following measures are established to combat the abuse of the supply chain management system:

42.1 The accounting officer must:

- (a) Take all reasonable steps to prevent abuse of the supply chain management system;
- (b) Investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this supply chain management policy, and when justified:
  - (i) take appropriate steps against such official or other role player; or
  - (ii) report any alleged criminal conduct to the South African Police Service.
- (c) Check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;
- (d) Reject any bid from a bidder:

- (i) if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the municipality, or to any other municipality or municipal entity, are in arrears for more than three (3) months; or
  - (ii) who during the last five (5) years has failed to perform satisfactorily on a previous contract with the municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;
- (e) Reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;
- (f) Cancel a contract awarded to a person if:
  - (i) the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
  - (ii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person.
- (g) Reject the bid of any bidder if that bidder or any of its directors:
  - (i) has abused the supply chain management system of the municipality or has committed any improper

**conduct in relation to such system;**

- (ii) has been convicted for fraud or corruption during the past five (5) years;
- (iii) has willfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five (5) years; or
- (iv) has been listed in the Register for Tender Defaulters In terms section 29 of the Prevention and Combating of Corrupt Activities Act, 12 of 2004.

42.2 The accounting officer must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of subparagraphs (1)(b)(ii), (e) or (f) of this policy.

**PART 3**

**LOGISTICS, DISPOSAL, RISK AND PERFORMANCE MANAGEMENT**



## **43. LOGISTICS MANAGEMENT**

MhlontloLocal Municipality may not enter into any contract that will impose financial obligations beyond the three (3) years covered in the annual budget for that financial year, unless the requirements of section 33 of the Municipal Finance Management Act (MFMA) have been fully complied with, for example, the rendering of the compilation of the valuation and supplementary valuation roll services, bank services or where grant/loan funding has been secured.

An effective system of logistics management must include the following:

- (a) Monitoring of spending patterns on types or classes of goods and services which should where practical incorporate the coding of items to ensure that each item has a unique number for the purposes of monitoring;
- (b) Setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
- (c) Placing of manual or electronic orders for all acquisitions other than petty cash;
- (d) Before payment is approved, a certification from the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;
- (e) Appropriate standards of internal control and warehouse management to ensure goods placed in stores are secure and only used for the purpose they were purchased;
- (f) Regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
- (g) Monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for a particular good or service.

## **44. DISPOSAL MANAGEMENT**

44.1 The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets must be done according to the municipal asset transfer regulation and the municipality's asset management policy of

MhlontloLocal Municipality, subject to section 14 of the Act, which are as follows:

(a) Movable assets:

- (i) the asset is uneconomical to repair;
- (ii) the asset is irreparable;
- (iii) the relevant department has no further use for the asset; and
- (iv) no other department requires the asset.

(b) Immovable assets:

- (i) the relevant department has no further use for the asset;
- (ii) no other department requires the asset;
- (iii) a member of the public wishing to acquire the asset can utilize the asset to the advantage of the community; and
- (iv) where created specifically for sale or rental to public.

44.2 The disposal of assets must:

(a) Be by one of the following methods:

- (i) transferring the asset to another organ of state in terms of a provision of the act enabling the transfer of assets;
- (ii) transferring the asset to another organ of state at market related value or, when appropriate for a lesser amount or free of charge;
- (iii) selling the asset; or
- (iv) destroying the asset.

(b) Provided that:

- (i) immovable assets may be sold at not less than market related prices except when the public interest or the plight of the poor demands otherwise, by means of public tenders, public auction or over the counter on a first come first serve basis;
- (ii) movable assets may be sold either by way of written price quotations, public tenders, public auction

**whichever is the most advantageous;**

- (iii) in the case of the free disposal of computer equipment, the provincial department of education must first be approached to indicate within thirty (30) days whether any of the local schools are interested in the equipment; and
  - (iv) in the case of the disposal of firearms, the National Conventional Arms Control Committee has approved any sale or donation of firearms to any person or institution within or outside the Republic.
- (c) Furthermore ensure that:
  - (i) immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise; and
  - (ii) all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed.
- (d) Ensure that where assets are traded in for other assets, the highest possible trade-in price is negotiated.

44.3 The alienation of immovable assets are subject to the municipal asset transfer regulation.

44.4 The alienation of immovable assets are subject to the following principles:

44.5 The payment of the purchase price and costs will be subject to:

44.5.1 Cash payment of the full purchase price and estimated cost pertaining to the transaction upon signature of the deed of sale.

44.5.2 An acceptable bank guarantee for the full purchase price and estimated cost pertaining to the transaction upon signature of the deed of sale.

44.6 Should the property not be transferred to the purchasers' name within a period of hundred and eighty (180) days, 10% of the purchase price will be retained as "*raauwkoop*".

44.7 Failure to register within the prescribed period the deed of sale will be cancelled.

44.8 The standard conditions pertaining to the sale are, but not limited to:

- 44.8.1 All costs pertaining to a transaction shall be borne by the successful bidder/purchaser example survey, engineering fees, advertisement, rezoning et cetera. The municipality may waive the costs subject to council policy.
- 44.8.2 The purchaser shall commence with the development of the property within thirty six (36) months after the date of transfer and shall complete the development within eighteen (18) months thereafter.
- 44.8.3 Should the purchaser fail to commence with or complete the development as stipulated in (i) above the deed of sale shall be cancelled the property revert to the municipality and be transferred back to the municipality.
- 44.8.4 Should the property revert to the municipality, the municipality shall refund to the purchaser an amount equal to the amount paid by the purchaser in respect of the purchase price, less the *rauwkoop* amount and all costs attached to the retransfer of the property into the name of the municipality, which costs shall be for the account of the purchaser. The municipality will only compensate the purchaser for any improvements erected on the property after the property has been resold to another purchaser and the purchase price and evaluated value of the improvements have been paid by the new purchaser.

## 45. RISK MANAGEMENT

45.1 The criteria for the identification, consideration and avoidance of potential risks in the supply chain management system, are as follows:

- (a) Non-compliance by the supplier to deliver within the agreed timeframes;
- (b) Supply of inferior goods or services by the supplier;
- (c) Inability of the supplier to provide goods or services as ordered;
- (d) Non-adherence to the municipality policy with regards to utilization of preferred suppliers; and
- (e) Procurement of goods or services at prices or of a quality not in the best interest of the municipality.

45.2 Risk management must include:

- (a) The identification of risks on a case-by-case basis;
- (b) The allocation of risks to the party best suited to manage such risks;
- (c) Acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;
- (d) The management of risks in a pro-active manner and the provision of adequate cover for residual risks; and
- (e) The assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

#### **46. PERFORMANCE MANAGEMENT**

46.1 The accounting officer must ensure that an effective internal monitoring system is implemented in order to determine, on the basis of a retrospective analysis, whether the authorized supply chain management processes were followed and whether the measurable performance objectives linked to and approved with the budget and the service delivery and budget implementation plan, were achieved.

### ***PART 4 OTHER MATTERS***

#### **47. MEASURES TO PROMOTE LOCAL SUPPLIERS AND SMME'S**

47.1 As far as possible, must quotations, with value less than R30 000,00, be awarded to local SMME's or suppliers for the following services:

- (i) catering services
- (ii) furniture and décor
- (iii) travel coordination and commuting services
- (iv) stationery stock and printing
- (v) advertisement, media, communications

#### **48. PROHIBITION ON AWARDS TO PERSONS WHOSE TAX MATTERS**

## **ARE NOT IN ORDER**

48.1 The accounting officer must ensure that, irrespective of the procurement process followed, no award above R15 000,00 is given to a person whose tax matters have not been declared by the South African Revenue Service to be in order.

48.2 Before making an award to a provider or bidder, a tax clearance certificate from SARS must first be provided as contemplated in paragraph 13(a)(iv).

48.3 Should a bidder's tax clearance certificate expire during the evaluation process, the bidder will be afforded an opportunity to submit a new tax clearance certificate before final award. Where the recommended bidder is not tax compliant, the bidder should be notified of their non-compliant status and the bidder must be requested to submit to the municipality or municipal entity, within 7 working days, written proof from SARS of their tax compliance status or proof from SARS that they have made an arrangement to meet their outstanding tax obligations. The proof of tax compliance status submitted by the bidder to the municipality or municipal entity must be verified via the CSD or e-Filing.

### **1.31. 49. PROHIBITION ON AWARDS TO PERSONS IN THE SERVICE OF THE STATE**

The accounting officer must ensure that irrespective of the procurement process followed, no award may be given to a person:

- (a) Who is in the service of the state; or
- (b) If that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or
- (c) A person who is an advisor or consultant contracted with the municipality.

### **1.32. 50. AWARDS TO CLOSE FAMILY MEMBERS OF PERSONS IN THE SERVICE OF THE STATE**

The notes to the annual financial statements must disclose particulars of any award of more than R2 000,00 to a person who is a spouse, child or parent of a person in the

service of the state, or has been in the service of the state in the previous twelve (12) months, including:

- (a) The name of that person;
- (b) The capacity in which that person is in the service of the state; and (c) The amount of the award.

**1.33. 51. ETHICAL STANDARDS**

51.1 A code of ethical standards is hereby established, in accordance with subparagraph (2), for officials and other role players in the supply chain management system in order to promote:

- (a) Mutual trust and respect; and
- (b) An environment where business can be conducted with integrity and in a fair and reasonable manner.

51.2 An official or other role player involved in the implementation of the supply chain management policy:

- (a) Must treat all providers and potential providers equitably;
- (b) May not use his or her position for private gain or to improperly benefit another person;
- (c) May not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350,00;
- (d) Notwithstanding subparagraph (2)(c), must declare to the accounting officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;
- (e) Must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process of, or in any award of a contract by, the municipality;

- (f) Must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;
- (g) Must be scrupulous in his or her use of property belonging to the municipality;
- (h) Must assist the accounting officer in combating fraud, corruption, favoritism and unfair and irregular practices in the supply chain management system; and
- (i) Must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including:
  - (i) any alleged fraud, corruption, favoritism or unfair conduct;
  - (ii) any alleged contravention of paragraph 54(1) of this policy; or
  - (iii) any alleged breach of this code of ethical standards.

51.3 Declarations in terms of subparagraphs (2)(d) and (e):

- (a) Must be recorded in a register which the accounting officer must keep for this purpose;
- (b) By the accounting officer must be made to the mayor of the municipality who must ensure that such declarations are recorded in the register.

51.4 The National Treasury's code of conduct must also be taken into account by supply chain management practitioners and other role players involved in supply chain management.

51.5 A breach of the code of conduct adopted by the municipality must be dealt with in accordance with schedule 2 of the Local Government: Municipal Systems Act, 2000.

#### **1.34. 52. INDUCEMENTS, REWARDS, GIFTS & FAVOURS TO MUNICIPAL OFFICIALS & OTHER ROLE PLAYERS**

52.1 No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may



either directly or through a representative or intermediary promise, offer or grant:

- (a) Any inducement or reward to the municipality for or in connection with the award of a contract; or
- (b) Any reward, gift, favour or hospitality to:
  - (i) any official; or
  - (ii) any other role player involved in the implementation of the supply chain management policy.

52.2 The accounting officer must promptly report any alleged contravention of sub-paragraph (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.

52.3 Sub-paragraph (1) does not apply to gifts less than R350,00 in value.

1.35.

### 53. **SPONSORSHIPS**

53.1 The accounting officer must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is:

- (a) A provider or prospective provider of goods or services; or
- (b) A recipient or prospective recipient of goods disposed or to be disposed.

1.36.

### 54. **OBJECTIONS AND COMPLAINTS**

54.1 Persons aggrieved by decisions or actions taken in the implementation of this supply chain management system, may lodge within fourteen (14) days of the decision or action, a written objection or complaint against the decision or action.

### 1.37. 55. **RESOLUTION OF DISPUTES, OBJECTIONS, COMPLAINTS & QUERIES**

55.1 The accounting officer must appoint an independent and impartial person, not directly involved in the supply chain management processes:

(a) To assist in the resolution of disputes between the

**municipality and other persons regarding -**

- (i) any decisions or actions taken in the implementation of the supply chain management system; or
- (ii) any matter arising from a contract awarded in the course of the supply chain management system; or

(b) To deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.

55.2 The accounting officer, or another official designated by the accounting officer, is responsible for assisting the appointed person to perform his or her functions effectively.

55.3 The person appointed must:

- (a) Strive to resolve promptly all disputes, objections, complaints or queries received; and
- (b) Submit monthly reports to the accounting officer on all disputes, objections, complaints or queries received, attended to or resolved.

55.4 A dispute, objection, complaint or query may be referred to the relevant provincial treasury if:

- (a) The dispute, objection, complaint or query is not resolved within sixty (60) days; or
- (b) No response is forthcoming within sixty (60) days.

55.5 If the provincial treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.

- 55.6 This paragraph must not be read as affecting a person's rights to approach a court at any time.
- 1.38. 56. **CONTRACTS PROVIDING FOR COMPENSATION BASED ON TURNOVER**

56.1 If a service provider acts on behalf of a municipality to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and the municipality must stipulate:

- (a) A cap on the compensation payable to the service provider; and
- (b) That such compensation must be performance based.

1.39. **57. CANCELLATION OF CONTRACTS**

57.1 Contracts may only be terminated in accordance with the termination provisions set out in the contract. Legal advice may be sought as appropriate.

1.40. **58. CANCELLATION OF TENDERS**

58.1 The municipality may accept or reject any variation, deviation, tender offer, or alternative tender offer, and may cancel the tender process and reject all tender offers at any time before the formation of a contract. The municipality shall not accept or incur any liability to a tenderer for such cancellation and rejection, but will give written reasons for such action upon written request to do so.

58.2 The municipality may, prior to the award of a tender, cancel a tender

if –

- (a) Due to changed circumstances there is no longer a need for the services, works or goods requested;
- (b) The funds are no longer available to cover the total envisaged expenditure;
- (c) No acceptable tenders are received; or

- (d) The incorrect application of the preference point system applied.

58.3 In the event of an incorrect preference point system the following will applied:

- (a) In the application of the 80/20 preference point system as stipulated in the tender documents, all tenders received exceed the estimated Rand value of R1-million, the tender invitation must be cancelled.
- (b) If one or more of the acceptable tenders received are within the prescribed threshold of R1-million, all tenders received must be evaluated on the 80/20 preference point system.
- (c) In the event of the application of the 90/10 preference point system as stipulated in the tender documents, all tenders received are equal to or below the estimated Rand value of R1-million, the tender invitation must be cancelled.
- (d) If one or more of the acceptable tenders received are above the prescribed threshold of R1-million, all tenders received must be evaluated on the 90/10 preference point system.
- (e) A cancellation of a tender invitation as contemplated in subregulation (3)(a) and (3)(c), must re-invite tenders and must, in the tender documents, stipulate the correct preference point system to be applied.

58.4 The decision to cancel a tender in terms of sub-regulation 58(2) must be published in the government tender bulletin for the media in which the original tender invitation was advertised.

58.5 The municipality may not, subsequent to the cancellation or abandonment of the tender process, or the rejection of all responsive tender offers, re-issue a tender covering substantially the same scope of work within a period of six (6) months unless only one tender was received and such tender was returned unopened to the tenderer.

58.6 The period of six (6) months “cooling off period” commence from the official cancellation or abandonment date (CIDB standard condition of tender).

## 1.41.

### 59. BLACKLISTING

59.1 Tenderers and service providers can be blacklisted/prohibited from doing business with the municipality for a prescribed period due to an improper practice or non-performance as defined in the blacklisting policy.

59.2 A tenderer who is blacklisted or included on the National Treasury register of tender defaulters, shall not be allowed to participate in any procurement processes for work offered by the municipality during the period of disqualification. Maximum period of restriction shall be five (5) years and shall be determined on a case-by-case-basis.

59.3 The blacklisting of tenderers, service providers, persons and/or business will be conducted according to the procedures as stipulated in the blacklisting policy.

**1.42. 60. GENERAL**

60.1 The municipality supports labour intensive construction and other services relating to where physical labour is required. All labour intensive projects a minimum of 80% local labour will apply to bids.

60.2 All relevant EPWP documents and reports must be completed in full and be submitted as part of the bid documents and thereafter on implementation of the project.

**1.43. 61. NO FORMAL BID PROCESS**

61.1 The following items are not required to be procured through the normal supply chain management process as required by any legislation:

- (a) Audit fees;
- (b) Statutory payments;
- (c) License fees;
- (d) Postage fees;
- (e) Membership fees;
- (f) Telecommunications (Telkom);
- (g) DWAF (water purchases);
- (h) Eskom (electricity purchases); and/or
- (i) Purchases less than R2 000,00
- (j) Strip and quote

**1.44. 62. REVIEW**

This policy will be reviewed annually to be in line with municipal practices, legislation and regulations.

**1.45.                      63.        SHORT TITLE**

This policy shall be called the MhlontloMunicipality Supply Chain Management Policy.

## ANNEXURE A

DECLARATION OF POWERS & DUITES CLAUSE .....		
As far as contractual obligations are concerned: Personnel to be nominated in writing by the Municipal Manager and Directors subject to the under-mentioned criteria, and further subject to the municipality’s supply chain management policy, financial regulations and council resolutions where applicable.		
....	APPROVAL / AWARD OF QUOTATIONS & TENDERS	
RAND VALUE (VAT inclusive)	LEVEL OF APPROVAL (with due regard to proper segregation of duties)	QUOTATIONS / TENDERS PROCESS FOLLOWED
Up to R2 000,00	Level of approval as delegated by relevant director	Petty cash purchases in terms of petty cash policy AND/OR one (1) written quotation
R2 000,01 – R30 000,00	Post level T12 and higher	Three (3) written quotations in terms of paragraph 17(1)(a) of the SCM policy
R30 000,01 – R200 000,00	Directors subject to the recommendation of the Head : Supply Chain Management	Formal written quotations in terms of paragraph 18(b) of the SCM policy – committee system
R200 000,01 – R10-million	Bid adjudication committee	Competitive bidding – committee system
>R10-million	Municipal Manager after recommendation from the bid adjudication committee	Competitive bidding – committee system
....	APPROVAL OF DEVIATIONS	
RAND VALUE (VAT inclusive)	LEVEL OF APPROVAL	
IN TERMS OF CLAUSE .....		
R0 – R200 000,00	Directors	
>R200 000,00	Accounting officer	
36(1)(a)(v)(d)	Level of approval as delegated by relevant director	
IN TERMS OF CLAUSE .....		
R0 – R70 000,00	Head : Supply Chain Management	
R70 000,01 – R200 000,00	Chief Financial Officer (Executive Director Finance) after consultation with, and recommendation by the Head : Supply Chain Management	
>R200 000,00	Accounting Officer	
....	APPROVAL OF REQUESTS FOR ORDERS FOR DIRECT PURCHASES & MUNICIPAL STORE ISSUES	
Up to R2 000,00	Level of approval as delegated by relevant director	
R2 000,01 – R30 000,00	Post level T12 and higher	
R30 000,01 – R70 000,00	Post level T13 and higher	
>R70 000,00	Post level T16 and higher	
...	CERTIFICATION & AUTHORIZATION OF ALL PAYMENTS (inclusive of where an official order has been issued in terms of sub-paragraph .... above	
RAND VALUE (VAT inclusive)	LEVEL OF APPROVAL (with due regard to proper segregation of duties)	
R0 – R70 000,00	Post level 13 and higher	
R70 000,01 – R500 000,00	Post level 16 and higher	
>R500 000,00	Municipal Manager and Executive Directors	
Eskom Bulk electricity purchases	Director Electrical Engineering Services	

....	APPROVAL OF SPECIFICATIONS FOR COMPETITIVE BIDS (in terms of paragraph ..... of the SCM policy)	
Cryptic description of Power of Duty	Sub-delegated to	Remarks, Limitations or Conditions
Specifications for competitive bids must be approved prior to the publication of the invitation for bids in terms of paragraph ... of the SCM policy	All Directors	This delegation applies in so far as each director/s responsibility for managing the respective votes of the municipality and to whom powers and duties for this purpose have been delegated in terms of section 79 of the MFMA (Act 56 of 2003)

CURRENT UPDATE	2017/03/31	PREVIOUS REVIEW	2016/03/31	APPROVAL BY COUNCIL	2017/05/31
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Tabled – March 2017



**CODE OF CONDUCT FOR SUPPLY CHAIN MANAGEMENT PRACTITIONERS  
1.46. AND OTHER ROLE PLAYERS**

The **purpose** of this Code of Conduct is to promote mutual trust and respect and an environment where business can be conducted with integrity and in a fair and reasonable manner.

**1. GENERAL PRINCIPLES**

- 1) The municipality commits itself to a policy of fair dealing and integrity in the conducting of its business. Officials and other role players involved in supply chain management (SCM) are in a position of trust, implying a duty to act in the public interest. Officials and other role players should not perform their duties to unlawfully gain any form of compensation, payment or gratuities from any person, or provider/contractor for themselves, their family or their friends.
- 2) Officials and other role players involved in SCM should ensure that they perform their duties efficiently, effectively and with integrity, in accordance with the relevant legislation, policies and guidelines. They should ensure that public resources are administered responsibly.
- 3) Officials and other role players involved in SCM should be fair and impartial in the performance of their functions. They should at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual. They should not abuse the power and authority vested in them.

**2. CONFLICT OF INTEREST**

1) An official or other role player involved with supply chain management –

- a) must treat all providers and potential providers equitably;
- b) may not use his or her position for private gain or to improperly benefit another person;
- c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350;

- d) must declare to the accounting officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;
- e) must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process, or in any award of a contract by the municipality;
- f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;
- g) must declare any business, commercial and financial interests or activities undertaken for financial gain that may raise a possible conflict of interest;
- h) should not place him/herself under any financial or other obligation to outside individuals or organizations that might seek to influence them in the performance of their official duties; and
- i) should not take improper advantage of their previous office after leaving their official position.

### 3. ACCOUNTABILITY

- 1) Practitioners are accountable for their decisions and actions to the public.
- 2) Practitioners should use public property scrupulously.
- 3) Only accounting officers or their delegates have the authority to commit the municipality to any transaction for the procurement of goods and/or services.
- 4) All transactions conducted by a practitioner should be recorded and accounted for in an appropriate accounting system. Practitioners should not make any false or misleading entries into such a system for any reason whatsoever.
- 5) Practitioners must assist the accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system.
- 6) Practitioners must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including
  - a) any alleged fraud, corruption, favouritism or unfair conduct;

- b) any alleged contravention of the policy on inducements, rewards, gifts and favours to municipalities or municipal entities, officials or other role players; and
  - c) any alleged breach of this code of conduct.
- 7) Any declarations made must be recorded in a register which the accounting officer must keep for this purpose. Any declarations made by the accounting officer must be made to the **executive mayor** who must ensure that such declaration is recorded in the register.

#### 4. OPENNESS

- 1) Practitioners should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only if it is in the public interest to do so.

#### 5. CONFIDENTIALITY

- 1) Any information that is the property of the municipality or its providers should be protected at all times. No information regarding any bid/contract/bidder/contractor may be revealed if such an action will infringe on the relevant bidder's/contractor's personal rights.
- 2) Matters of confidential nature in the possession of officials and other role players involved in SCM should be kept confidential unless legislation, the performance of duty or the provisions of law requires otherwise. Such restrictions also apply to officials and other role players involved in SCM after separation from service.

#### 6. BID SPECIFICATION / EVALUATION / ADJUDICATION COMMITTEES

- 1) Bid specification, evaluation and adjudication committees should implement supply chain management on behalf of the municipality in an honest, fair, impartial, transparent, cost-effective and accountable manner.
- 2) Bid evaluation/adjudication committees should be familiar with and adhere to the prescribed legislation, directives and procedures in respect of supply chain management in order to perform effectively and efficiently.
- 3) All members of bid adjudication committees should be cleared by the accounting officer at the level of "*CONFIDENTIAL*" and should be required to declare their financial interest annually.
- 4) No person should -

- a) interfere with the supply chain management system of the municipality; or
- b) amend or tamper with any price quotation/bid after its submission.

## **7. COMBATIVE PRACTICES**

1) Combative practices are unethical and illegal and should be avoided at all cost. They include but are not limited to:

- a) Suggestions to fictitious lower quotations;
- b) Reference to non-existent competition;
- c) Exploiting errors in price quotations/bids;
- d) Soliciting price quotations.

# **MHLONTLO LOCAL MUNICIPALITY**



## **TARIFF POLICY**

**(FOR IMPLEMENTATION ON 1 JULY 2019)**

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# MHLONTLO LOCAL MUNICIPALITY

## TARIFF POLICY

### 1. GENERAL INTRODUCTION AND OBJECTIVE

In terms of section 62 (1) of the Local Government: Municipal Finance Management Act (MFMA), Act no 56 of 2003, the Accounting Officer of the municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that, inter alia, the municipality has and implements a tariff policy referred to in section 74 of the Local Government: Municipal Systems Act (MSA), Act no 32 of 2000 as amended.

In terms of section 74 of the Municipal Systems Act the municipal council hereby adopts a tariff policy on the levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements.

In setting its annual tariffs the council shall at all times take due cognisance of the tariffs applicable elsewhere in the economic region, and of the impact which its own tariffs may have on local economic development.

### 2. DEFINITIONS

**“Accounting officer”** means the municipal manager appointed in terms of Section 60 of the Municipal Finance Management Act.

**“Annual budget”** shall mean the budget approved by the municipal council for any particular financial year, and shall include any adjustments to such budget.

**“Basic municipal services”** shall mean a municipal service necessary to ensure an acceptable and reasonable quality of life, which service – if not provided – would endanger public health or safety or the environment.

**“By-law”** shall mean legislation passed by the council of the municipality, and which shall be binding on the municipality and on the persons and institutions to which it applies.

**“Chief financial officer”** means a person designated in terms of section 80 (2) (a) of the Municipal Finance Management Act.

**“Councillor”** shall mean a member of the Council of the municipality.

**“Domestic consumer or user”** of municipal services shall mean the person or household which municipal services are rendered in respect of “residential property” as defined below.

**“Financial year”** shall mean the period starting from 1 July in any year and ending on 30 June of the following year.

**“Integrated development plan”** shall mean a plan formulated and approved as envisaged in Section 25 of the Municipal Systems Act 2000, as amended.

**“Local community”** or **“community”**, in relation to the municipality, shall mean that body of persons comprising the residents of the municipality, the ratepayers of the municipality, any civic organisations and non-governmental, private sector or labor organisations or bodies involved in local affairs within the municipality, and visitors and other people residing outside the municipality who, because of their presence in the municipality, make use of services or facilities provided by the municipality.

**“Month”** means one of twelve months of a calendar year.

**“Municipality”** or **“municipal area”** shall, where appropriate, mean the geographic area, determined in terms of the Local Government: Municipal Demarcation Act No. 27 of 1998 as the municipal area pertaining to the municipality.

**“The municipality”** means Mhlontlo Local Municipality.

**“Municipal council”** or **“council”** shall mean the municipal council of Mhlontlo Local Municipality as referred to in Section 157(1) of the Constitution.

**“Municipal manager”** shall mean the person appointed in terms of Section 82 of the Municipal Structures Act, 1998.

**“Multiple purposes”** in relation to a property, shall mean the use of a property for more than one purpose.

**“Municipal service”** has the meaning assigned to it in terms of Section 1 of the Municipal Systems Act.

**“Municipal tariff”** shall mean a tariff for services which the municipality may set for the provision of a service to the local community, and may include a surcharge on such service. Tariffs for major services shall mean tariffs set for refuse removal, and minor tariffs shall mean all other tariffs, charges, fees, rentals or fines levied or imposed by the municipality in respect of other services supplied including services incidental to the provision of the major services.

**“Rate”** shall mean a municipal rate on property as envisaged in Section 229 (1) (a) of the Constitution.

**“Ratable property”** shall mean property on which the municipality may in terms of Section 2 of the Municipal Property Rates Act 2004 levy a rate, but excluding property fully excluded from the levying of rates in terms of Section 17 of that Act.

**“Ratepayer”** shall mean a person who is liable to the municipality for the payment of (a) rates on property in the municipality; (b) any other tax, duty or levy imposed by the municipality; and/or (c) fees for services provided either by the municipality or in terms of a service delivery agreement.

**“Rebate”** in relation to a rate payable on a property, shall mean a discount granted in terms of Section 15 of the Municipal Property Rates Act, 2004 on the amount of the rate payable on the property.

**“Residential property”** shall mean a property included in the valuation roll in terms of Section 48(2)(b) of the Municipal Property Rates Act, 2004 as residential.

**“Tariff”** means a tariff for services which the Municipality may set for the provision of a service to the local community and includes a surcharge on such tariff.



### 3. GENERAL PRINCIPLES

Service tariffs imposed by the local municipality shall be viewed as user charges and shall not be viewed as taxes, and therefore the ability of the relevant consumer or user of the services to which such tariffs relate, shall not be considered as a relevant criterion (except in the case of the indigency relief measures approved by the municipality from time to time).

- 3.1. The tariff structure of Mhlontlo municipality shall make provision of the following categories of customers:
  - Residential (domestic)
  - Commercial/ business
  - Institutional
  - Rural
  - Municipal
- 3.2. In line with the principles embodied in the Constitution, and other legislation pertaining to local government, such differentiation shall at all times be reasonable and fully disclosed in the annual budget.
- 3.3. The municipality shall ensure that its tariffs are uniformly and fairly applied throughout the municipal region
- 3.4. Tariffs for the major services rendered by the municipality, namely refuse removal, shall as far as possible recover the expenses associated with the rendering of each service concerned. The tariff which a particular consumer or user pays shall therefore be directly related to the standard of service received and the quantity of the particular service used or consumed.
- 3.5. The municipality shall, as far as circumstances reasonably permit, ensure that the tariffs levied in respect of the foregoing services further generate an operating surplus each financial year of approximately 5% for refuse removal services or such lesser percentage as the council may determine at the time that the annual operating budget is approved.
- 3.6. Such surpluses shall be applied in relief of property rates and for the partial financing of general services or for the future capital expansion of the service concerned, or both. The modesty of such surplus shall prevent the service tariffs concerned from being viewed as concealed taxes.

The municipality shall develop, approve and at least annually review an indigency support programme for the municipal area. This programme shall set out clearly the municipality's cost recovery policy in respect of the tariffs which it levies on registered indigents, and the implications of such policy for the tariffs which it imposes on other users and consumers in the municipal region.

- 3.7. In line with the principles embodied in the Constitution and in other legislation pertaining to local government, the municipality may differentiate between different categories of users and consumers in regard to the tariffs which it levies. Such differentiation shall at all times be reasonable and shall be fully disclosed in each annual budget.
- 3.8. The municipality's tariff policy shall be transparent, and the extent to which there is cross-subsidisation between categories of consumers or users shall be evident to all consumers or users of the service in question.
- 3.9. The municipality further undertakes to ensure that its tariffs shall be easily explainable and understood by all consumers and users affected by the tariff policy concerned.

The municipality also undertakes to render its services cost effectively in order to ensure the best possible cost of service delivery.

In considering the costing of its refuse removal services the municipality shall take due cognisance of the high capital cost of establishing and expanding such services, and of the resultant high fixed costs, as opposed to variable costs of operating these services. The municipality therefore undertakes to plan the management and expansion of the services carefully in order to ensure that both current and reasonably expected future demands are adequately catered for and that demand levels which fluctuate significantly over shorter periods are also met. This may mean that the services operate at less than full capacity at various periods, and the costs of such surplus capacity must also be covered in the tariffs which are annually levied.

- 3.10. In adopting what is fundamentally a two-part tariff structure, namely a fixed availability charge coupled with a charge based on consumption, the municipality believes that it is properly attending to the demands which both future expansion and variable demand cycles and other fluctuations will make on service delivery.

## **4. LEVYING OF TARRIFFS**

- 4.1 The Council determines tariffs when approving its budget for a budget year. Council may determine tariffs during the course of the financial year only when:
- A new service is introduced.
  - No tariff for an existing service has previously been imposed.
- 4.2 Users will be treated equitably through differentiation for tariff purposes.
- 4.3 In terms of section 28 (6) of the MFMA Council may not increase tariffs during a financial year, except when required in terms of a financial recovery plan.
- 4.4 Council shall give authority to levy tariffs by passing a majority resolution during the budget approval process.

## **5. SUBSIDIZATION OF THE BASIC SERVICE TARIFF**

- 5.1 Basic level consumption of any service may be subsidized by a higher level tariff, depending on legislative requirement.
- 5.2 Domestic consumers may have consumption subsidized from allocations received from National Income such as the Equitable Share.

## **6. DETERMINATION OF TARIFFS FOR MAJOR SERVICES**

- 6.1 In order to determine the tariffs which must be charged for the supply of the major services, the municipality shall identify all the costs of operation of the undertakings concerned, including specifically the following:
- Depreciation expenses.
  - Maintenance of infrastructure and other fixed assets.

- Administration and service costs, including:
  - service charges levied by other departments such as finance, human resources and legal services;
  - reasonable general overheads, such as the costs associated with the office of the municipal manager;
  - adequate contributions to the provisions for bad debts and obsolescence of stock.

6.2 It is essential to take into consideration the following needs while determining a tariff structure:-

- The need to reflect costs as accurately as possible in order to achieve cost effectiveness;
- The need to ensure equality and fairness between user groups;
- The need for a practically implementable tariff;
- The need to use appropriate metering and provisioning technology;
- The need for an understandable tariff; and
- The user's ability to pay.

6.3 The cost of approved indigency relief measures.

## **7. REFUSE REMOVAL**

7.1 The categories of refuse removal users as set out below shall be charged at the applicable tariffs, as approved by the council in each annual budget.

7.2 Tariff adjustments shall be effective from 1 July each year.

7.3 A separate fixed monthly refuse removal charge shall apply to each of the following categories of users, based on the costs of the service concerned:

- Domestic and other users (once weekly removal).
- Business and other users (twice weekly removal).
- Business and other users (thrice weekly removal).
- Business and other (bulk consumers).
- Hospitals
- Government

7.4 Registered indigents may receive such discount on this charge as the council deems affordable when approving each annual budget.

7.5 A fixed monthly charge shall be charged to the municipality's departments equal to the lowest (domestic) tariff.

## **8. PROPERTY RATES**

- 8.1 Property rates are levied as determined by Council from time to time and is covered in the Property Rates Policy and Bylaw of the Mhlontlo Municipality.

## **9. SUNDRY TARIFFS**

- 9.1 All other services offered by the Council are charged at a tariff as determined by the Council annually during the budget process. Tariffs should at least cover the basic cost of these services.

## **10. IMPLEMENTATION AND REVIEW OF THIS POLICY**

- 10.1 This policy shall be implemented once approved by Council. All future tariff charges must be considered in accordance with this policy.

- 10.2 In terms of section 17(1) (e) of the Municipal Finance Management Act this policy must be reviewed on annual basis and the reviewed policy tabled to Council for approval as part of the budget process.

**Signature**

**Date**

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**Municipal Manager**

**Adopted by Council**

**Effective Date**

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